DOCUMENT RESUME

ED 449 542 EA 030 592

TITLE	School Resourcing: Towards Purposes Analysis and Effective Strategies. Responses to the College Year Book, 2000.
INSTITUTION	Australian Coll. of Education, Carlton, Victoria.
ISSN	ISSN-0311-4775
PUB DATE	2000-07-00
NOTE	81p.; Theme issue.
PUB TYPE	Collected Works - Serials (022)
JOURNAL CIT	Unicorn: Journal of the Australian College of Education; v26 n2 Jul 2000
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Educational Assessment; Educational Economics; *Educational Equity (Finance); *Educational Finance; Elementary Secondary Education; Equal Education; Foreign Countries; *Needs Assessment; *Resource Allocation; School Funds; State Aid
IDENTIFIERS	*Australia

ABSTRACT

This journal issue, which is part of a series of wide-ranging debates on major educational topics in Australia, examines three major points connected to school resourcing. First is the shift of emphasis in the discourse on resources from inputs to outcomes. Second is the extent to which schools ought to be self-managed and the possible conflict between promoting effective individual schools and ensuring a broad equality of opportunity for all students at all schools. The third major point concerns exact levels of education funding. The journal opens with a discussion of a national symposium on school resourcing and includes topics such as the purposes of schooling, citizenship, equity and social justice, broad funding levels and allocations, quality teaching, resource utilization, accountability, choice, and research and evaluation needs. A draft action plan for school resourcing is also included. The 10 remaining articles in this issue examine government schools, international comparisons of expenditure in education, the differentiation of schools and school sectors, public education and Australian society, user-friendly educational accountability, state aid, school resourcing as viewed from the Australian Parents Council, funding for equity, an economist's perspective of school resourcing, and funding for flexibility within an equitable framework. (RJM)

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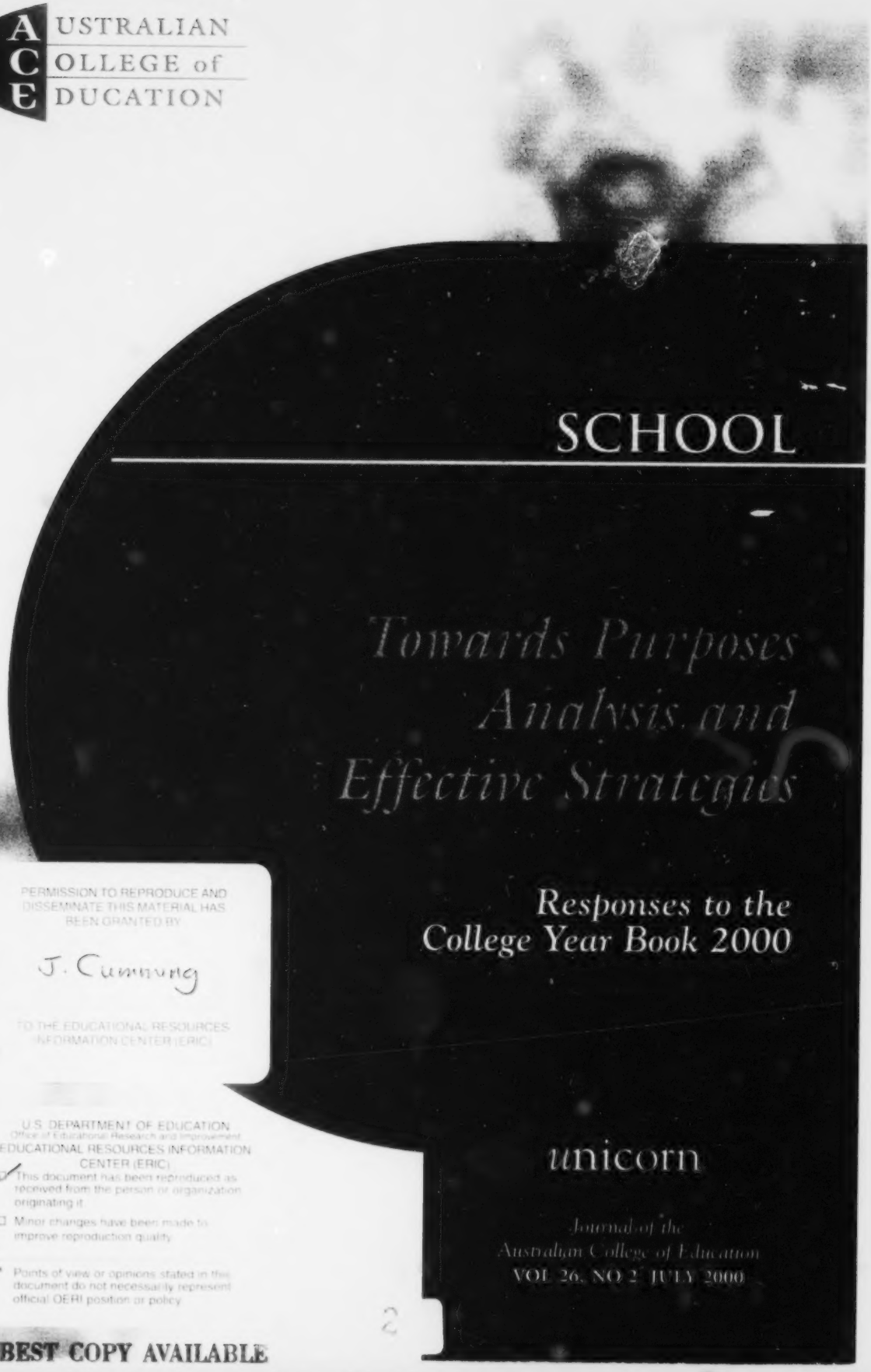

SCHOOL

Towards Purposes Analysis and Effective Strategies

Responses to the College Year Book 2000

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Journal of the Australian College of Education
VOL 26, NO 2 JULY 2000

Unicorn is the journal of the Australian College of Education, published three times each year. All subscription, editorial, advertising and other inquiries should be directed to the College's national office in Canberra in the first instance. All members receive **Unicorn** as part of their annual subscription. The subscription fee for libraries, organisations and institutions is $100.00 *(plus GST)*.

ISSN 0311 4775

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Designed by Art Graphic Design
Printed in Australia by Paragon Printers Australasia

Print Post Approved PP 231 677/00009

CONTENTS

Introduction 1
Emeritus Professor Peter Karmel

National Symposium Report 3
Ms Barbara Preston

School Resourcing: Keeping the Issues Alive 12
A Draft Action Plan

Building Up Government Schools 13
Dr David Kemp

International Comparisons of Expenditure in Education 18
Professor Barry McGaw

The Differentiation of Schools and School Sectors 24
Professor Max Angus

Public Education and the Remutualisation of Australian Society 30
Associate Professor Alan Reid

Towards User-friendly Educational Accountability 38
Mr Jim McMorrow

Whatever You Do, Don't Mention the State Aid Debate 44
Mr Roy Martin and Mr Denis Fitzgerald

School Resourcing: A View from the Australian Parents Council 53
Mrs Josephine Lonergan and Mr Leo Dunne

Funding for Equity is the Major Need 61
Dr Ian Morgan

One Health Economist's Perspective of School Resourcing 68
Ms Brita Pekarsky

Funding for Flexibility within an Equitable Framework 72
Ms Lyndsay Connors

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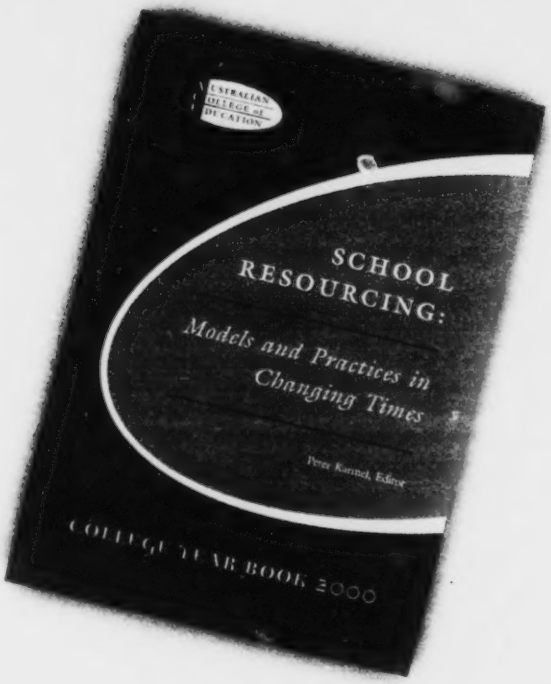

SCHOOL RESOURCING:

Models and Practices in Changing Times

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Professor Peter Karmel, Editor

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INTRODUCTION

As part of its current agenda, established during last year's celebrations of its 40th anniversary, the Australian College of College is devoting special attention to a series of broad educational themes of national significance, such as school resourcing, Indigenous education and professional teaching standards. Its aim is to generate informed debate that recognises the complexity of the issues involved and the need to canvass and balance differing points of view.

The inaugural Year Book on school resourcing, followed by the national symposium and this edition of *Unicorn*, constitutes the first of what is hoped to be a series of wide ranging debates on major educational topics. The papers included in the Year Book and in Unicorn should be read in the context of the 21st Century. They are not intended to rework old debates, but are directed towards the practical issues that confront us now and will continue to be of importance in the decades ahead.

There are three important points that readers of the papers in this *Unicorn* (and in the Year Book) should keep in mind.

First, the shift of emphasis in the discourse on resources from inputs to outcomes, that has taken place during the past fifteen years, requires a more careful consideration of the purposes or goals of schooling than has become customary. It is generally taken for granted that there is broad agreement on school purposes as they relate to individual students and to social goals. The recent Adelaide Declaration on National Goals for Schooling in the Twenty-First Century is a good example of a contemporary view of the purposes of schooling. It lists eighteen goals from which only few would dissent. But it does not attach priorities or weights to individual goals. There remains considerable room for debate on priorities and emphases – all goals cannot be pursued with

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equal energy given limited resources, especially the necessarily limited time at the disposal of teachers (and students). Moreover unequivocal agreement cannot be achieved on the way outcomes should be assessed so that they can be measured against goals and provide legitimate comparisons among students, schools, systems and social groups.

Secondly, resources have to be administered both in their allocation to schools and in their management within schools. The extent to which schools ought to be self-managed and the possible conflict between promoting effective individual schools and ensuring a broad equality of opportunity for all students at all schools are issues of great importance. Their resolution will almost certainly involve compromises between competing ends.

There is also the question of the ways in which resources are used within schools in relation to the goals of schooling. Curriculum balance, the concept of class and class size, the experience, qualifications and skills of those who deal with students (whether formally qualified as teachers or not), the experiences available to students and the nature and range of school facilities are all candidates for change in the coming decades; and they all relate to resourcing.

Finally, while movements in aggregate expenditure on education and in the proportion of gross domestic product devoted to it may constitute useful debating points, there is nothing sacrosanct about particular figures. No-one can seriously suggest that the distribution of GDP among its various end uses should be frozen at a particular point of time. Why should the proportion devoted to education remain at a particular level? Nor can the proportion devoted to education be expected always to rise – at the expense of what?

This is not to say that strong cases cannot be made for increases in expenditure (both public and private) on education for particular purposes. However, abstract arguments for greater aggregate expenditures on education based on percentages of GDP or problematic international comparisons carry little weight. The debate on resources has to be directed towards seeking appropriate resources for programs directed towards achieving specific goals or correcting specific defects. The resourcing issues addressed in the Year Book and in this edition of *Unicorn* are significant contributions to this debate.

Peter Karmel
Emeritus Professor, Australian National University

14 July 2000

NATIONAL SYMPOSIUM REPORT

Ms Barbara Preston
Barbara Preston Research

The Australian College of Education held a national symposium on 16 June 2000 to discuss the recently released inaugural *College Year Book — School Resourcing: Models and Practice in Changing Times*, edited by Peter Karmel (Karmel 2000). The thirty participants represented diverse organisations, interests and perspectives. They included senior representatives from school authorities, teacher and parent organisations, and the Commonwealth; school administrators; and researchers and policy analysts with special expertise in school funding and organisation, employment and vocational education, health economics, social welfare research, and public policy.

"the College seeks to be an honest broker in debates such as those around school resourcing"

The College seeks to be an honest broker in debates such as those around school resourcing. In the *Year Book*, the symposium and in this issue of *Unicorn*, the College provides a forum for debate. Unfortunately, not all those invited were able to attend the symposium or to prepare papers, so some perspectives are missing or not as strong as they might otherwise be. Even so, there is much here that can richly contribute to our understandings, and to the development of high-quality, evidence-based policies on school resourcing by all governments and other responsible authorities in the future.

The discussion at the symposium developed themes in the *Year Book*, and highlighted some of its silences. Most of the authors in this issue of *Unicorn* attended the symposium, and some of the matters raised during the symposium have been expanded on in their papers.

The discussion ranged widely throughout the symposium. The views, information and analyses presented on the day are organised here by topic from, first, the purposes of schooling,

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through levels and mechanisms of funding, the nature of particular resources and their utilisation, to accountability, evaluation and policy-ready research. Symposium participants also discussed action for the future — what they could do themselves (or through their organisations) and what the College could do. The suggestions for action are listed at the end of this paper.

Purposes of schooling

What are the intended outcomes of applying the resources that are allocated to schools? In the overview chapter of the *Year Book*, Peter Karmel set out broad purposes for the individual student and for the public interest. In summary, these are, first, for the individual: development of the person; socialisation of the individual; provision of a knowledge base; acquisition of basic skills; acquisition of key competencies, and specific vocational skills; and, second, for the public interest: induction into citizenship; inculcation of common understandings of what it means to be Australian; and the promotion of equity, social justice and equality of opportunity (Karmel 2000, p. 3).

> **"even if the general weighting of purposes is agreed, there are significant differences regarding the best strategies to achieve those purposes"**

It was noted that the *Adelaide Declaration on National Goals for Schooling in the Twenty-first Century*, endorsed by the Ministerial Council on Education, Employment, Training and Youth Affairs and released in April 1999 (MCEETYA 1999), is a publicly agreed statement that broadly covers these purposes — both individual and public interest.

While there might be general official agreement about each of these purposes in principle, in practice some may be contradictory, and there is competition among them for resources, especially the time of teachers (and students) allocated to them — there is no common agreement about the weight given to the various purposes. In addition, even if the general weighting of purposes is agreed, there are significant differences regarding the best strategies to achieve those purposes. Such differences were reflected among the symposium participants.

Even if there is currently agreement among governments and other major stakeholders on the purposes expressed in the Adelaide Declaration, it was noted that some people might deny that schools have social or public interest purposes — that they exist just to meet the express needs of individual 'customers', such as the 'individual' purposes set out above. There is a logic to such a position in the social trends outlined in the following section.

In their consideration of issues related to the purposes of schooling, symposium participants took up two major themes: first, the indirect effect on the achievement of the citizenship-related purposes through broader social trends and school organisation policies; and, second, the implications for equity and social justice purposes of circumstances of funding restraint.

Citizenship

Participants gave consideration to how the citizenship-related purposes of schooling are shaped by broader cultural, social and economic developments, and how particular school funding, organisational and accountability mechanisms interact and shape the achievement of different purposes.

It was commented that an omission in the *Year Book* was consideration of the broader context of globalisation and the apparent loss of social capital. Schools had historically created the public for democracy. But now there was a move to a focus on the individual, competition and choice, which is contrary to the 'common schooling' which had provided a basis for the achievement of the purposes of an induction into citizenship and the inculcation of common

understandings of what it means to be Australian.

Developments in the public and political spheres in Australia for 150 years were outlined by Professor Don Aitkin in his launch of the *Year Book*. He noted that until around the 1950s and 1960s there was a general and strong belief in the virtues of a vibrant public sector — the value of the 'life in common'. Since then, this belief has weakened — something that can be seen in attitudes to schooling. Now many parents want to prepare their own children to be 'autonomous individuals' — though they might want all others to be prepared to be the 'public citizens' who create the environment in which the 'autonomous individuals' can flourish. The move from a Keynsian orthodoxy to Friedmanism is part of the pattern of change, and so is a better-educated society where people are more sophisticated in their decision making. With these changes comes the development of strong 'user-pays' notions — why should others subsidise what you want to do?

In addition to the wider social changes, aspects of current funding and organisation of schools appear to be reinforcing the wider social trends, and undermining the achievement of the citizenship-related social purposes of schooling through the emphasis on individual choice and individual benefit from schooling, and competition between schools for students. However, even though there is a move away from 'common schooling', it was noted that the Commonwealth Government and school authorities are seeking to counterbalance this with support for common curricula (or curriculum frameworks), especially in areas such as civics.

Whatever may be the content of formal curricula, participants commented that the role of schooling in a democracy needs further consideration. How can school authorities respond constructively to the wider social forces and still ensure effective achievement of the agreed social purposes of schooling? This is discussed further in the papers commissioned for this issue of *Unicorn*, especially those of Alan Reid and Max Angus.

Equity and social justice

There was debate at the symposium on whether concerns about equity and social justice are more, or less, important now than 25 or 30 years ago. There were differences in opinion about whether the current Commonwealth Government is strongly committed to these principles (but that, arguably, their practical policies often unintentionally work against them), or whether these principles have been downgraded since the 1973 Report of the Interim Committee for the Australian Schools Commission (Karmel 1973). It was generally agreed, however, that Indigenous education had a particularly high priority among governments, school authorities and at the school level, and that there was a wider recognition of the importance of good educational outcomes for all students, including low-SES students — that the successful completion of Year 12 is 'inoculation against unemployment'.

> "the successful completion of Year 12 is inoculation against unemployment"

However, even with such an explicit commitment to equity, there are problems in effectively achieving the intended outcomes. Participants referred to the unintended consequences of policies and practices of governments and school authorities which tended to increase funding for some students relative to students who were already more disadvantaged. At the symposium these were not discussed in detail, though reference was made to increased funding for some non-government schools, the Enrolment Benchmark Adjustment Scheme, reliance on fund-raising by schools, and the use of choice (or 'exit') as an indicator to shape policy.

Participants gave more consideration to the conflicting interests of the disadvantaged and of

the advantaged in macro-funding terms in a regime of fiscal restraint.

They noted that in the 1970s the Interim Committee of the Australian Schools Commission and its successors could successfully advocate major redress of disadvantage through increased needs-based funding because total funds for schools were increasing at a very substantial rate, and all categories of students received additional resources. There was both the national economic growth and the political and social commitment to expand funding for schools in general, and for the most needy in particular. All students benefited.

> **"in the 1970s there was both the national economic growth and the political and social commitment to expand funding for schools in general, and for the most needy in particular"**

However, now there appear severe constraints on the political and/or fiscal ability of governments to increase funds to schools. Some participants at the symposium challenged this assumption (see below), but, if it is true, increased needs-based funding will be at the expense of the students assessed as less in need, and this has some serious political and social implications. These implications play themselves out at the national level, especially between the major school sectors (government and non-government), at the State or school authority level between individual schools, and within schools. A principal of a government school pointed to the dilemma, in the context of limited resources, of directing resources within a school to the most disadvantaged 15 per cent. It is the other 85 per cent who will then lose out, and many of them are susceptible to changing to the non-government sector if their needs are not being met in the government sector. If they do so, the remaining students are further disadvantaged by the loss of enrolment numbers and social mix. As another participant pointed out, the policy tension of addressing the needs of the disadvantaged and responding to market pressures is a key issue for school resourcing. As schooling in general becomes more marketised, and the non-government sector increases in size and scope, the tension becomes greater.

Broad funding levels

Participants debated the best ways to understand the trends and levels of school funding, and the possibilities for the future.

It is common to talk of education (or school) funding as a proportion of Gross Domestic Product (GDP), and to note its substantial decline from the late 1970s in Australia. This can provide a useful indicator of a nation's commitment to education (especially if there is also information provided on GDP per capita). However, funding as a proportion of GDP does not reveal the trend in total expenditure in real terms, the trend in expenditure per student, or the level of expenditure against some explicit standard of need.

Participants noted that there are other demands on community resources (both government and private), and that demographic and other changes are pushing for increased health expenditure, for example. Not all areas can go up as a share of GDP, thus increased expenditure in one area will lead to declining share in other areas, even if the expenditure levels in the other areas remain the same.

There was broad agreement among participants that government funding for schools should increase substantially in real terms per student. However, alternatives to simple demands for increased expenditure on schooling are thought necessary. One suggested approach is to point to the international competitive environment, and note that the political priority of increased education expenditure as an investment being promoted in Britain and the United States may, if implemented effectively, be to Australia's competitive disadvantage. Another suggested approach is to be more specific and rigorous in advocacy for increased expenditure. Emerging

problems need to be identified and analysed, and strategies to resolve the problems developed and promoted. Similarly, specific goals could be promoted, and once the goals are accepted, the funding to achieve them more easily follows.

It was pointed out that consideration of the broad level of funding per student can be illuminating. Many middle-class parents, by their willingness to pay fees, indicate that they believe a proper standard of schooling is available only through the annual expenditure of about $10,000 per student. This contrasts with the allocation per student of around $6,000 in most government schools and Catholic and some other non-government schools.

Broad funding allocations

Participants noted that the school resourcing debate tends to focus on Commonwealth funding, and that funding by the States and Territories is often ignored. Yet the States and Territories provide most of the funding for schools, and there are substantial differences among the States and Territories regarding levels of funding and allocations between school types (between government and non-government, between primary and secondary, and according to categories of need).

Government and non-government school authorities (and individual schools where they have control) also differ in the relative allocations for teaching staff, other staff, capital works and other purposes. Participants noted that there has been little consideration of capital funding in the debates around school funding. Major requirements for capital renewal of stock, originally built during the expansion phase around the 1970s, are now developing.

It was also noted that there is a lack of analysis in the *Year Book* (and elsewhere) of the effects of different funding policies on schools and school systems. Comparative evaluations were suggested as an important area of research.

Quality teaching as an essential resource

Some participants felt that a major omission in the *Year Book* was a lack of consideration of the *quality* of resources, especially teachers.

The emerging teacher shortages (especially in Victoria and some other States) are a major factor in the resources available for the education of students. These shortages arise out of the reduction in teacher education capacity, which was part of the restructuring of higher education a decade ago, and the retirement of the very large numbers of teachers recruited around the 1970s.

> "emerging teacher shortages are a major factor in the resources available for the education of students"

Participants commented that students in the hard-to-staff rural and remote schools will be among those most deprived of the necessary quality and quantity of teaching resources. So, too, will be the students in hard-to-staff urban schools, especially in low-SES areas. Students in well-funded schools in desirable locations may be little affected by any general shortage. Thus existing differences in educational advantage and disadvantage will be exacerbated by a general shortage of teachers.

Concern was expressed that teacher shortages were only likely to get worse. In the short term school authorities may not have the luxury of putting in place plans for enhancing teacher quality when they are just desperate to get any warm body. It was argued that, in the medium and longer term, there should be much more work done on the nature of teachers' work and on aspects of remuneration and differentiation within the teaching workforce. The industrial relations environment is a vital matter for consideration. It was pointed out that there are also issues of governance, and the lack of coordination and poor relationships between the Commonwealth and the States and Territories. These will make it more difficult than in previous periods of teacher shortage to respond to the emerging problem. Teacher education is an urgent issue — and it is a live issue, at least in New South Wales where, it was

pointed out, a review by Dr Gregor Ramsey is currently underway.

Resource utilisation

There was a view among participants that another omission in the *Year Book* was a lack of consideration of *efficiency* in the utilisation of resources, especially at the school level. That is, there is insufficient analysis of how the resources in schools can best be used. It was argued that there are formal and informal constraints on how resources can be used which result in greater cost for a given educational outcome. Restraints mentioned by a participant included requirements that only qualified teachers, operating under industrial agreements, could be used for certain duties where other individuals could be more effectively and cheaply utilised.

> **"allocations can be directed to particular interventions and activities which research (and experience) shows do work"**

On the other hand, there was also the view that there has been a positive and important change in the discourse about resource allocation over the past ten years. There has been emerging excellent policy-ready research which can guide school authorities and others regarding the programs they should implement to gain the most educational benefit for students. It was pointed out that we now know a lot more about what works in schools and what does not, and that allocations can be (and are) directed to particular interventions and activities which research (and experience) shows do work.

Accountability and evaluation

The *National Report on Schooling in Australia* was discussed as a mechanism for national accountability of schooling. To do this effectively, it needs data integrity, timeliness and educational integrity.

The latest *National Report* focuses on issues (for example, literacy, science, Indigenous education) and includes commentary on research and educational policy advice.

The format is being revamped, and the College and others are invited to contribute to and help support its development. The statistical annex may be reinstated if there is support to do so – this would be done in consultation with the new Australian Bureau of Statistics national unit (see below).

The *National Report* not only seeks to provide accountability for the expenditure of public funds, but to facilitate improvements in education by communicating the findings of program evaluations and other research, good practice and other information. This is intended to help teachers and schools do what they need to do, as well as help school authorities and other agencies develop and implement good policy.

Indirect, unintended and external consequences

Participants generally agreed that policy should be evaluated in terms of *all* significant consequences, including effects beyond the individual school, the program, or schooling as a whole, particularly indirect and unintended consequences. Several examples were mentioned at different times during the symposium.

The actual (unintended) outcomes of policies based on choice were mentioned as important to evaluate against intended outcomes. For example, there is evidence from overseas that, rather than leading to greater diversity in quality school provision, choice-based policies seem to be leading to greater uniformity.

The Commonwealth's $40 million boarding allowances program was mentioned as an instance where there are problems of accountability and program evaluation because of unexamined consequences broadly within schooling provision. The program primarily supports students to leave country areas for

schooling in metropolitan and regional cities. The impact of this on schooling provision and quality in rural areas is unknown, but could be substantial in many regions, and would be difficult, though not impossible, to assess.

Account should be taken of the needs of those people education systems are currently not reaching. As a participant commented, 'we in education are poor in our responsiveness to those we are not serving'. It is the needs of the young people who are not accessing education and training which should be responded to as much as the needs of those who are inside the system (see Teese 2000). Programs, systems and practices should be evaluated in terms of those they exclude (or just fail to include) as well as those they do reach.

The interrelationship between education and health was another example mentioned of the need to take account of outcomes beyond those usually assessed when evaluating the effectiveness of particular programs or the overall expenditure of resources in schools. Education can have significant health outcomes, especially for some categories of people, while particular health programs can have significant educational benefits.

The wider context of resources

Participants referred to the wider context of funding and benefits that must be taken into account when assessing the resourcing of schools. For example, over the past 20 years there has been a major process of cost-shifting associated with the collapse of the apprenticeship system which involved a transfer of costs of educating (training) young people from employers to the school system. The development of Vocational Education and Training (VET) in schools continues this trend.

VET in schools is also an example of a disparity in costs for students. They do not pay if they participate in a VET program in Year 11 or 12, but if a student does a similar program in TAFE they have to pay for it. It was pointed out that this is both inequitable and inefficient, and likely to become more so.

A wider perspective also facilitates consideration of how to draw in new sources of resources — on the VET model of group apprenticeships and skill centres.

A consideration of the wider context can lead to new ways of thinking about schools funding. A participant suggested that we could begin with an assessment of the costs (social, economic, cultural, health) of non-completion of Year 12, and use that assessment to determine what should be invested in schooling to ensure a higher rate of Year 12 completion (mention was made of work currently being carried out by the Dusseldorp Skills Forum on the costs of early school leaving). It was suggested that cost–benefit analysis should be within a global context. Reference was made to the notion of 'joined-up thinking', used in the United Kingdom and elsewhere to conceptualise this sort of analysis which crosses jurisdictions and areas formally treated as distinct.

> **"performance indicators need to be able to measure what is really important"**

Choice, accountability and information

There was some reference at the symposium to voucher-type mechanisms as an alternative to performance indicators for the purposes of accountability. Schools can gain feedback by the exercise of choice by parents — by the action of 'exit' in particular. However, there are critical questions: how representative are the sorts of families that can readily and overtly exercise choice, and how can a school (or school system) interpret their actions?

It was generally agreed that performance indicators would remain central mechanisms of accountability, but they need to be able to measure what is really important (rather than just what is easy to measure), and cover the public as well as individual purposes of schooling. Qualitative research and other methods should be a part of accountability mechanisms. There needs to be better understanding of what it is that parents and students take into account when deciding on which school to attend, and what it is that leads

to satisfaction or dissatisfaction with the school attended (whether or not a choice between particular schools is made). There is also a need to go beyond finding out the criteria on which parents, say, form their views about schools. There must then be appropriate measures within the framework of those criteria, and the outcomes of those measures communicated. (A simple example of this: if a criterion of importance is the academic achievement a school facilitates, then the measure needs to determine, at least, the relative parts played by initial selection of students and the 'value added' by the school.)

> "the benefits of schooling occur throughout a lifetime"

Data and research support

The symposium was advised that the Australian Bureau of Statistics (ABS) is establishing a national education and training statistics collection unit which will formally start at the beginning of July 2000. The Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) and the Australian National Training Authority (ANTA) reached agreement on the establishment of the unit, which will play an important role in ensuring good-quality, useful cross-sectoral statistics. The unit will not itself carry out analysis of statistics. Later in the year an education and training advisory group will be established to ensure that the ABS receives input from those who make use of its education and training statistics. Participants were encouraged to make links with and support these initiatives.

Participants considered the role of the Australian Institute for Health and Welfare (AIHW) as an independent data collection and analysis and research organisation funded primarily by the Commonwealth to help ensure that policy in health and welfare can be based on the best possible evidence. It was felt that education could benefit from such a body. The Australian Council for Educational Research (ACER) does not fully play a parallel role because its coverage of data collection and research tends not to be comprehensive in the same way (though the on-going longitudinal study is of a similar type to AIHW core collections and analysis).

Research and evaluation needed

Towards the end of the symposium, participants focused on the nature of research and evaluation not now being carried out which might help the development of better policy and practice in the future. Some of the matters raised are covered in previous sections of this paper.

It was noted that the benefits of schooling occur throughout a lifetime (as well as affecting much more than the individuals who pass through school). Therefore straight input–outcome measures are not appropriate.

Conducting pilot schemes with proper subsequent evaluations was suggested as a methodology which would be beneficial to carry out more widely.

Specific areas mentioned as in need of further research (and, in some cases, they have been taboo subjects for investigation) include:

- levels of capital funding, needs for capital expenditure, and outcomes of capital expenditure, in different school jurisdictions;
- the nature of 'teacher quality', and its optimisation through, for example, development and application of teaching standards; ensuring adequate supply for all regions and schools; particular recruitment strategies; particular employment conditions and work organisation; pre-service and in-service teacher education;
- the educational outcomes of different structures of school management, governance and funding;
- the unintended and intended outcomes of funding mechanisms and administrative structures based on (or intended to facilitate) choice by parents and students;
- reasons for parent and student satisfaction or dissatisfaction with schooling, and the reasons why particular schools are chosen by particular parents or students;

- factors leading to early school leaving and how these can be effectively responded to;
- development and application of the notion of 'joined-up thinking' to school resourcing in Australia;
- the impact of education funding (and specific education programs) on health, employment and other outcomes throughout people's lives;
- cost-shifting and other fiscal interrelationships between, for example, different levels of government, levels and sectors of education provision, education providers and employers, government and private individual sources;
- information and communications technology in schools;
- the spatial (geographic) dimensions of inequality in terms of general socio-economic factors and their interrelationships with school features and outcomes;
- changing enrolment shares — on a local as well as global basis.

Future work for participants and the College

Participants discussed what more they, collectively, and the College could do to carry forward the work of the *Year Book*, the symposium and this issue of *Unicorn*.

It was recognised that there was a diversity of positions reflected around the table, and, for many, involvement in what could be seen as common political advocacy is not appropriate. However, it was noted that some of the organisations represented by participants are independently undertaking advocacy work around school funding at present. An emerging view of the group was that there could be value in establishing a loose network in order to continue the process of stimulating debate, formulating questions and making further contributions in terms of research and policy analysis.

It was suggested that the College convene another symposium later in the year. In the meantime, network members (and others) could further develop matters discussed here. In particular, research questions could be formulated, and conceptual issues and other matters developed, before the group is reconvened. Participants would seek to keep the issue of school resourcing on their organisations' agendas where this was appropriate.

> **"policy choices should be transparent, and based on the best possible evidence"**

Conclusion

When discussing many different issues throughout the day, symposium participants commented that particular trends or circumstances are not inevitable. Political and social choices are made about the level of taxation, about broad funding patterns, about allocations within schooling and within education or public social expenditure as a whole, and about the organisation and governance of schooling. Those choices should be transparent, and based on the best possible evidence. There was a feeling among participants that the work of the symposium, the *Year Book*, the papers in this issue of *Unicorn*, and proposed further work by participants and the College would help facilitate such transparent and evidence-based choices in the future.

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SCHOOL RESOURCING: KEEPING THE ISSUES ALIVE

A draft action plan arising from the national symposium on school resourcing held on 16 June 2000

Symposium participants were keen to ensure that the many research, policy and action issues discussed during the symposium, in the Year Book and in this edition of Unicorn, should not be left to languish as other topics vie for attention. To this end, a number of specific goals and strategies proposed at the symposium are outlined below.

1. Network on School Resourcing

That a 'Network on School Resourcing' be established. Its initial core would be symposium participants, and it would be a 'loose affiliation', with no formal structure or status at this stage. It was suggested that Network members could work collaboratively to:

- undertake (and encourage others to undertake) further research and developmental work on key issues concerning school resourcing (including the quality of teaching as a resource issue);
- raise community awareness of important current and emerging issues concerning school resourcing;
- seek improved capacity in Australia for policy-ready research through advocacy of increased research funding and better research infrastructure;
- persuade (through appropriate strategies) Commonwealth and State governments to increase levels of school funding (for example, through specific purpose programs, and support for projects that have been shown to improve student outcomes);
- identify the common ground that exists among Network members (and other stakeholders);
- where appropriate, ensure the issue of school resourcing is kept on the agenda of Network members' organisations.

2. Australian College of Education

That the Australian College of Education be encouraged to take the following practical steps in the short to medium term:

- publish a set of papers by symposium participants and others on school resourcing in *Unicorn* (this edition);
- arrange a second meeting later in the year, following consultation with Network members;
- develop and promote the use of a strategic communication process to widely disseminate information about school resourcing;
- ensure the issue of school resourcing is kept on the agenda of the College Council.

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BUILDING UP GOVERNMENT SCHOOLS

Dr David Kemp
Commonwealth Minister for Education, Training and Youth Affairs

The resourcing debate

Recent contributors to the inaugural issue of the *College Year Book 2000* have highlighted some aspects of the debate about resourcing Australian schools. This is an important debate but it is fundamentally one-sided in that attention is focused almost entirely on the Commonwealth's funding of government schooling, currently around $2 billion a year. The much larger contribution to government schools through State governments — currently about $12 billion per year (including Commonwealth Financial Assistance Grants) — escapes detailed analysis.

This focus has allowed some States to limit their investment in government schooling, comfortable in the assumption that the Commonwealth Government will provide both significant growth funding for government schools and targeted programs for disadvantaged students. The same States also rely on a continued drift of students from the government to the non-government sector to shift the costs from themselves to the Commonwealth.

Analysis of the recent New South Wales budget shows these processes in operation. The New South Wales budget papers for 2000–01 show an estimated surplus of $1.7 billion. Total expenditure on government school education has increased, however, by only 1.9 per cent to $5.29 billion. Even a large part of this increase is accounted for by the inclusion in government school funding of almost $678 million in direct grants to New South Wales from the Commonwealth (which have increased by around 4.4 per cent year on year). The budget papers also show an escalating trend in

"this lack of commitment to genuine growth is a worrying trend and contrasts strongly with the Commonwealth's efforts"

"literacy and numeracy are the fundamental bases for every child's education and constitute the most important social justice issue in education today"

enrolments towards the non-government sector. In four years the proportion has risen from 29 per cent to 30.5 per cent. New South Wales government school enrolments are predicted to fall by more than 4000 this year. These figures are an admission that there is nothing in the New South Wales budget which will build the confidence of parents or students in the government sector.

The 2000–01 Victorian budget displays similar tendencies. Even though this budget was to deliver on election commitments, its year-on-year increase of 5.8 per cent is still below the Commonwealth year-on-year increase of 6.4 per cent for schools. The announcement of a $105 million capital works program for government schools in 2000–01 includes some $50 million in capital funds provided by the Commonwealth.

"there needs to be a more open process through which government schools and their communities understand the basis of their funding"

This lack of commitment to genuine growth is a worrying trend and contrasts strongly with the Commonwealth's efforts. In 2000 Commonwealth funding for government schools has grown by 26 per cent since 1996 to just under $2 billion and over the next four years this funding will continue to grow by a further $1.4 billion. The fact that this funding is locked in through four-year legislation means that States can (and do) rely on this commitment.

There are no such long-term guarantees from New South Wales and Victoria. States continue to operate on a year-to-year basis. This short-term focus means funding decisions can be quite arbitrary. Government schools know this — and this is a reason why their principals build up contingencies in their school accounts totaling many millions of dollars as insurance against State funding cuts. They would not be reassured by quite sudden and vindictive cuts to recurrent funding for non-government schools in New South Wales by the State Government.

This situation would be partially eased if States were pressured to adopt more transparent measures for determining funding allocations to individual government schools. There needs to be a more open process through which government schools and their communities understand the basis of their funding from both Commonwealth and State sources. Public understanding of schools resources issues is not aided by the refusal of States like New South Wales to publicly acknowledge the Commonwealth origins of key equity measures such as the Literacy and Numeracy and Country Areas programs.

"there needs to be a more open process through which government schools and their communities understand the basis of their funding"

The parameters of the whole government schools resourcing debate will, however, change with the New Tax System. States will benefit from considerable growth revenues which they can use to build up government schooling. They are less likely, however, to make these investments unless their current patterns of expenditure are subject to more rigorous analysis by commentators.

The quantum of these revenues will mean that the traditional way that the Commonwealth has influenced government schooling — through suites of targeted programs — will be reduced in their impact. For the Commonwealth Government to continue its traditional leadership role in school education we need to come up with the right policies. Public confidence in government schooling cannot be built by resourcing alone. As participants in the recent Australian College of Education debate on resourcing have noted, the response 'more resources' is no longer accepted nationally or internationally as the only way to improve the quality of schooling.

Commonwealth strategy for building stronger government schools

The Commonwealth's strategy for government schools is designed to build up the attractiveness of government schools to students, parents and teachers.

In common with most other societies, boosting literacy and numeracy levels remains the greatest challenge for schools. Students' personal development, their success at school and their socialisation are all affected by low literacy and numeracy skills. Literacy and numeracy are the fundamental bases for every child's education and constitute the most important social justice issue in education today. It is only when educationally disadvantaged students get over the literacy and numeracy hurdle that it is possible to say their disadvantage is on the way to being successfully addressed. Meeting children's literacy and numeracy needs is the first thing that parents expect from schools. No family wants their child to attend a school where the teaching of the basic skills is weak.

Despite their patchy effort on funding, States and Territories recognise the importance of this. They have agreed with the Commonwealth on the establishment of national literacy and numeracy standards for Years 3, 5, and 7, to comparable testing across all States and Territories and to report their State-wide results against the national standard. All States and Territories have also committed to the goal that every child who entered school in 1998 should be literate within four years and to a National Literacy and Numeracy Plan, which intends to have every student achieving adequate literacy and numeracy skills by the end of primary school. Because the process has been undertaken through the alignment of existing States tests, and because their purpose is recognised as first and foremost to be diagnostic, this testing should avoid the extremes of 'high stakes' testing and 'teaching to the test' emerging in other countries.

Complementary to the National Literacy and Numeracy Plan is the National Indigenous English Literacy and Numeracy Strategy, which sets out a detailed plan to secure educational equality for Indigenous students. The Strategy is supported by virtually all Indigenous leaders, many of whom have agreed to act as ambassadors for it.

The National School English Literacy Survey in 1996 found about 30 per cent of students in Years 3 and 5 were below an acceptable standard. The 1999 State and Territory literacy assessments found that the figure for Year 3 reading had declined to around 13 per cent as a result of a strong focus on the early years. While further substantial effort will be required, for the first time in three decades there is now evidence that the literacy problem is being effectively addressed.

> "for the first time, jurisdictions and communities will have the means to determine whether policies are working"

Ministers have now agreed in the Ministerial Council over the last year to establish new National Goals for Schooling and to extend performance measurement to areas such as science, vocational education, information technology, mathematics and enterprise and civics education. The inclusion of these performance measures in reporting by all schools will mean that, for the first time, jurisdictions and communities will have the means to determine whether policies in these areas are working and they will be sharing this information on a nationally comparable basis.

These are crucial developments for all schools, and will be particularly important in assuring parents that government schools are achieving as well as other schools. They are a key part of a strategy to achieve higher standards and build parents' confidence in all government schools. As they succeed they will solve one of the reasons for early school drop-out and will therefore lift retention in government schools, very likely leading to an increased proportion of students in government schools.

The other key Commonwealth strategy to improve the retention of students in

government schools has been the introduction of a major stream of vocational education and training to greatly expand options for the 70 per cent of school leavers who do not go straight from school to university. Early school leaving has lowered retention rates. A key factor has been the academic character of the curriculum in the senior years and its perceived lack of relevance to the aspirations of many students. Early school leaving has also been related to literacy and numeracy problems persisting through into secondary school.

> **"the culture of schools is beginning to change, with many schools now becoming pro-active in ensuring that their graduates and leaving students get jobs"**

Essentially this involves broadening the senior curriculum through subjects that provide industry-recognised qualifications and work placement alongside the general academic certificate. This has been driven by reforms of industry training into a more flexible system based on national qualifications, and by the establishment of New Apprenticeships. The growth in the numbers of senior students doing vocational education and training courses — from 26,000 in 1995 to an estimated 167,000 in 2000, plus over 7000 in school-based, part time New Apprenticeships in 2000 — is having profound effects. Apparent retention rates have begun to rise again, despite falling youth unemployment, because many students who would previously have left school are now seeing school as more relevant, with prospects of jobs opening up which were previously closed.

The culture of schools is beginning to change, with many schools now becoming pro-active in ensuring that their graduates and leaving students get jobs. Programs such as Jobs Pathway and the Australian Student Traineeship Foundation have been crucial in effecting this change. Schools have been invited to tender for funds under programs such as Jobs Pathway and to establish school–industry partnerships and consortia in the delivery of vocational curriculum through the Australian Student Traineeship Foundation. This expansion of vocational education relies heavily on school-level initiative and is highlighting the need for greater flexibility in course delivery, in linkages with organisations beyond the school, and in course regulations.

These changes will benefit all schools but they present particular windows of opportunity for government schools to build diversity and choice for students within the government sector.

There are three other key areas where the Commonwealth Government does not have direct control but which are crucial to building government schools.

Government schools are being disadvantaged by the continuing dominance of a centralised 'one size fits all' approach to school management. Red tape associated with schools is becoming a major issue in Britain and many government school principals have had to meet competition from more flexible and autonomous non-government schools with limited control over their own policies, staffing and resources. Principals have generally welcomed properly resourced and managed devolution (combined with accountability for standards). This flexibility enables principals and staff to better meet the needs of students, the values of parents and the aspirations of their local community. There have been concerns expressed that such devolution may allow disadvantages encountered by some schools and their communities to go undetected. New Zealand is cited as a cautionary tale even though that country lacks a national testing system. A system of proper reporting against agreed standards such as is currently being set in place by the Commonwealth and State governments should not allow this to happen.

The second key area for development is in improved reporting to parents. Recent research has shown parents regard themselves as the principal managers of their children's education and they see monitoring school performance as

one of their roles. Parents have a right to meaningful information about the educational performance of their children, and early warning if difficulties become evident. The Commonwealth is encouraging educational authorities to report to parents on the performance of students against the national standards. A major study of best practice in school reporting has been completed and all schools and teachers are being informed of the results so that schools can improve their reporting and build confidence in their communities about the education students are receiving.

The third area is quality teaching. The Commonwealth Government is already, or is about to become, a major provider of professional development in areas like literacy and numeracy, civics and drugs education, and Indigenous and enterprise education. The Government has worked closely with national principals' organisations on a range of projects, and has strongly supported the Australian Principals Association for Professional Development Council (APAPDC) in its professional development activities. The Commonwealth remains the major supporter of research into innovation and best practice and into the evaluation of approaches to key areas. The outcomes of major Commonwealth funding inquiries into the teaching of history, science and technology should also be available before the end of the year.

The Commonwealth cannot single-handedly raise the status of teaching given that States and Territories remain the major employers of teachers and principal regulators of the teaching profession. The Commonwealth Government has consistently rejected demands for national registration of teachers as an attempt to further restrict entry to teaching. Employers may need to look at measures to widen, rather than tightly delineate, the potential pool of candidates for teaching. The Commonwealth is, however, supportive of proposals for the development of high professional standards for teachers and the certification of these standards by appropriate professional bodies.

The major factors undermining the attraction of teaching as a profession are the inability under current industrial awards to adequately reward outstanding teaching and the resistance of teacher unions to proper recognition of performance. The willingness of teacher unions to publicly bludgeon State governments into submission damages both the status of teachers and the standing of government schools. This confrontational approach contrasts strongly with the role of teacher unions in the United States, which are actively participating in performance pay measures and other key reforms to promote quality teaching. The public perception of teaching is also affected by the restrictions on the rights of school principals to deal adequately with incompetent teaching and restrictions on and government interference in the capacity of teachers to adequately maintain discipline in the classroom and playground.

> **"parents regard themselves as the principal managers of their children's education and they see monitoring school performance as one of their roles"**

The status of teaching is thus intimately bound up with the organisation and regulation of schooling and employment in the school sector. School devolution is closely linked to improving work satisfaction of teachers and providing the flexibility in staffing and work conditions that can encourage and reward high performance.

Together with the Commonwealth policies outlined above, the advent of the New Tax System gives States a real opportunity to further improve government schooling and to work with the Commonwealth in overcoming educational disadvantage. To ensure that this happens the debate needs to be refocused away from resources towards the way of most effectively using them to improve the quality of education for all Australian students. Two million students in government schools and the teachers serving them deserve no less.

INTERNATIONAL COMPARISONS OF EXPENDITURE IN EDUCATION

Professor Barry McGaw
Deputy Director for Education
Organisation for Economic Co-operation and Development

"education efforts should be judged by what they achieve"

Considerable effort has been invested over the last decade by member countries of the Organisation for Economic Co-operation and Development (OECD) to develop comparable indicators of education systems. Over that period the focus has shifted substantially from inputs to outcomes. In the early years, participation rates in successively higher levels of education were used as proxies for outcomes, on the assumption that more formal education leads to higher levels of competence. These proxies are limited, both within and between countries, to the e. :nt that a given number of years in initial education yields different levels of competence in a variety of domains.

More direct measures of some outcomes have been available from quantitative comparative studies, such as those of the Third International Mathematics and Science Study (TIMSS) conducted by the International Association for the Evaluation of Educational Achievement (e.g. Beaton, et al., 1996), and they have been used in some of the issues of Education at a Glance. The 29 OECD Member countries, and four non-Member countries, are now engaged in the collection of data on the achievement of 15-year-olds in reading, mathematics and science through the OECD Programme for International Student Assessment (PISA). The first results from the 2000 data collection will be published late in 2001 and further collections will be made on a three-yearly cycle, with the next set collected in 2003. Direct assessment of adult literacy levels has also been undertaken in 20 countries to monitor levels of competence in the populations of 15 to 65-year-olds (OECD and Statistics Canada, 2000).

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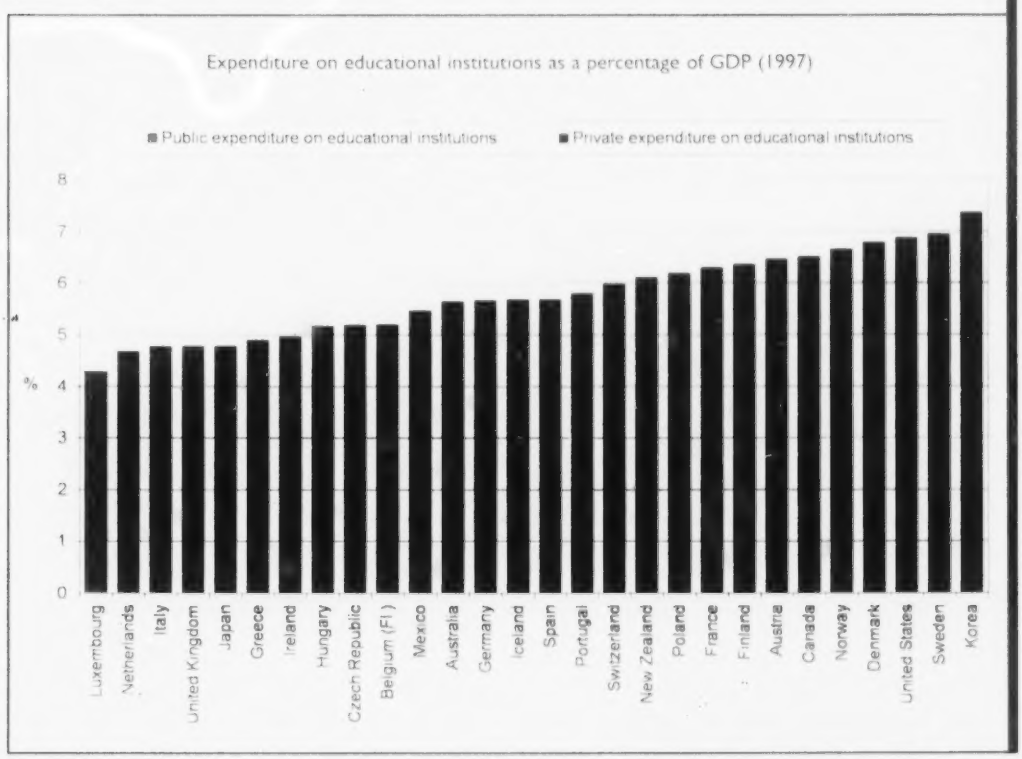
The effort being invested in monitoring levels of educational achievement of school students and levels of competence of adults reflects a strong view that national education efforts should be judged by what they achieve and not by what they invest to yield that achievement. That is not to deny the importance of investments in education or to diminish the value of collecting information on them. It is only to assert the primacy of outcomes as a criterion for comparisons.

Investments need to be analysed and judged in terms of both their level and the way in which they are deployed. Perhaps the most frequently used indicator of the level of investment in education is the percentage of gross domestic product (GDP) committed to education. The values of this indicator, including both public and private expenditure, for 28 OECD countries are shown in Figure 1. Australia ranks 17th in overall percentage and 20th if only public expenditure is considered. Korea, which commits the highest percentage of GDP at 7.4 per cent when both public and private expenditure are considered, is 25th when only public expenditure is considered.

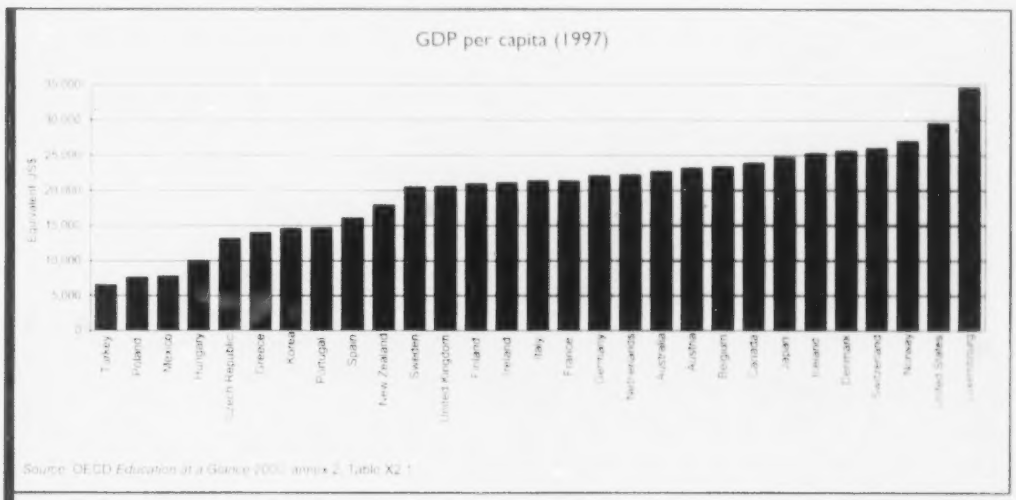
The mix of public and private contributions is a reflection of public policy as well as of private capacity and willingness to pay. Furthermore, the public/private mix varies considerably, within countries, across levels of education. At the pre-tertiary level, the division of public and private expenditure is 91 to 9 in Korea, 86 to 14 in Australia and 79 to 21 in the USA while, at the tertiary level, the pubic/private mix is 20 to 80 in Korea, 65 to 35 in Australia and 52 to 48 in the USA. All of these countries have a much larger private contribution at the tertiary level than at lower levels but they differ in the mix at each level and in the difference in the mix between levels.

The figure for public expenditure is not differentiated by source in these national data. In some countries with federal systems, public funding is essentially the responsibility of the states or provinces. In others, such as Australia, there is a mix of public funding from both national and state or provincial level.

Figure 1



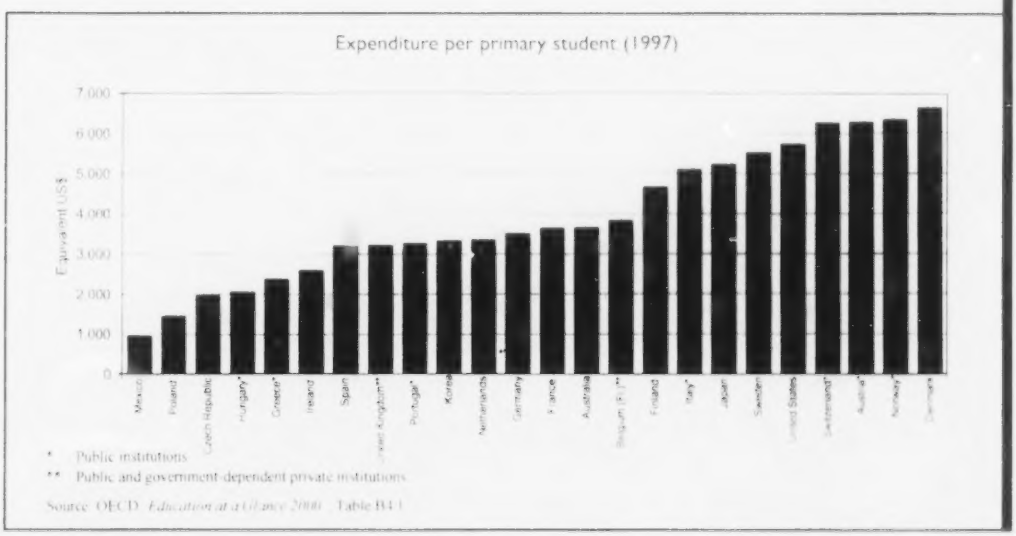
The indicator, percentage of GDP allocated to education, reflects only the level of commitment relative to national wealth. Since national wealth varies, the absolute levels of funding per capita for education vary quite differently from the pattern indicated in Figure 1. Variations in national wealth, represented by the indicator GDP per capita expressed in equivalent US dollars converted using purchasing power parities (PPP), are shown in Figure 2. This figure makes clear that Korea's national financial commitment to education is substantial, with an allocation of 7.36 per cent of GDP, ranking it 1st on that indicator, when its GDP per capita is only $14,477, ranking it 23rd. Poland stands out in a similar way, with a low GDP per capita of $7,487 but a relatively higher percentage of it (6.18 per cent) allocated to education. Luxembourg, on the other hand, with the highest GDP per capita at $34,484, allocates the lowest percentage of GDP to education at 4.28 per cent. Australia stands in between with an above average GDP per capita ($22,582) and a below average percentage of GDP (5.64 per cent) allocated to education.



Source: OECD *Education at a Glance 2000*, annex 2, Table X2.1

Figure 2

Figure 3



* Public institutions.
** Public and government-dependent private institutions.

Source: OECD, *Education at a Glance 2000*, Table B4.1.

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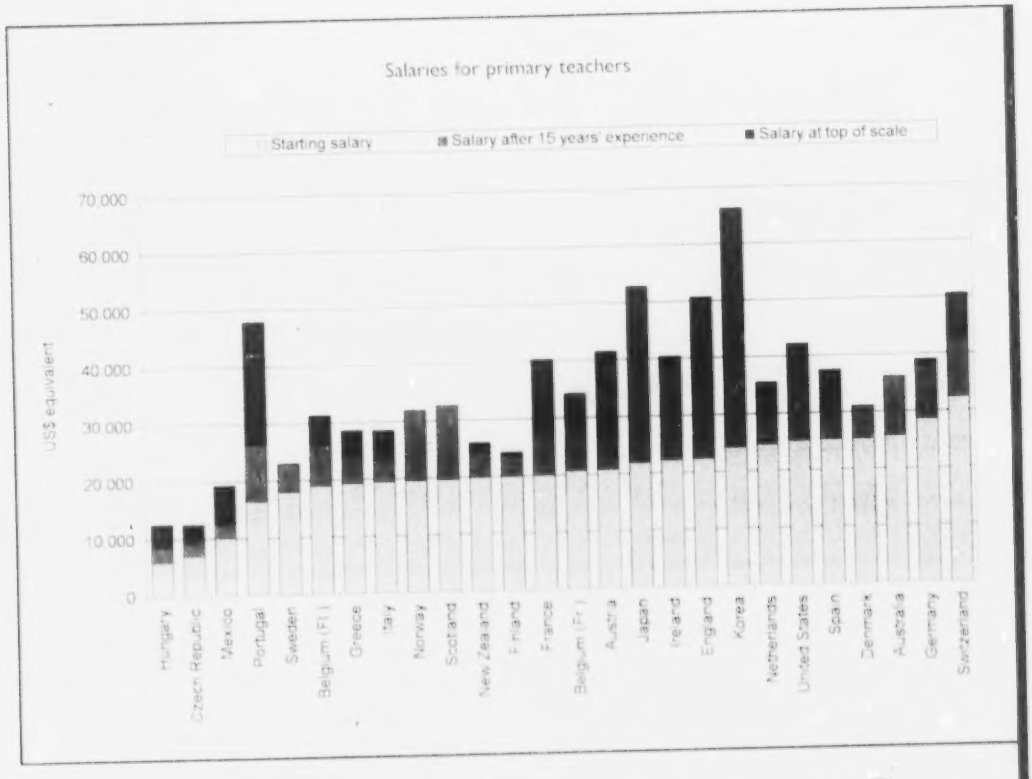

Figure 4

Different levels of allocation of funds to education from different levels of national wealth per capita result in different levels of funding per student. Policy choices about relative levels of funding for primary, secondary and tertiary education also influence the levels of funding per student. The allocations for primary students are shown in Figure 3, again in equivalent US dollars converted using PPPs. This shows that Korea's lower per capita wealth places it, at $3,308 per primary student, behind Australia at $3,633, despite Korea's commitment of a higher percentage of its GDP to education. On the indicator of expenditure per primary student, Denmark stands at the top of the ranking at $6,596 per student as a consequence of a relatively high GDP per capita (ranked 5th at $25,514) and a high relative commitment of resources to education (ranked 4th at 6.78 per cent of GDP).

Countries differ not only in the level of funding they allocate to education but also in the manner in which the funds are deployed. One area of marked difference is in the remuneration levels for teachers. Figure 4 shows, in equivalent US dollars, the statutory salaries for primary teachers on commencement, after 15 years and at the maximum salary reached at the top of the scale. Korea stands out as having a long scale reaching a much higher level than that of other countries. The starting salary for primary teachers in Korea is $24,140, marginally behind that for Australia at $25,775. Australia ranks 3rd in the starting salary offered to teachers but Australian teachers reach a relatively modest maximum of $36,175 (ranked 12th) quite early in their careers. Korean teachers, on the other hand, reach $39,921 after 15 years and $66,269 at the top of their scale.

Teachers work loads also vary across countries. One indicator of work load is the number of hours teachers are required to work per year. This is shown for primary teachers in Figure 5. Another is the number of students with which they deal. One indicator of this aspect of workload used in industrial negotiations in some jurisdictions is class size. That is an

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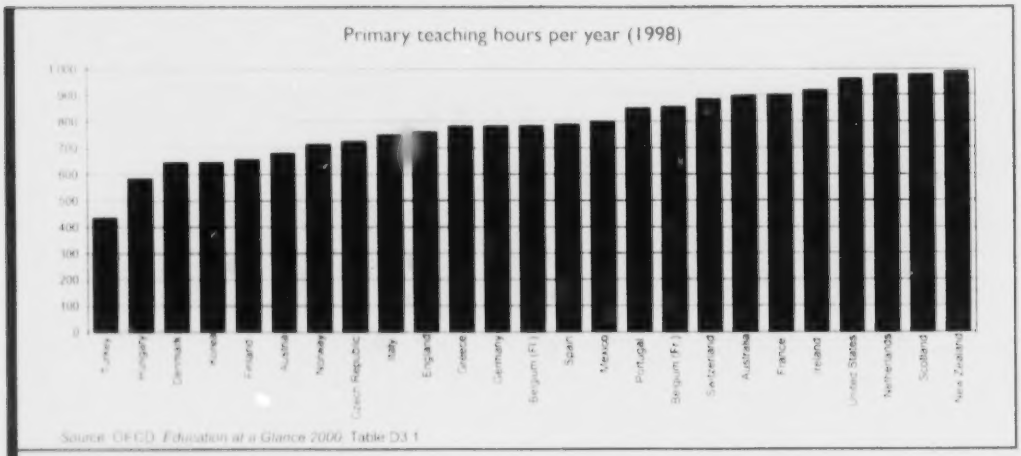
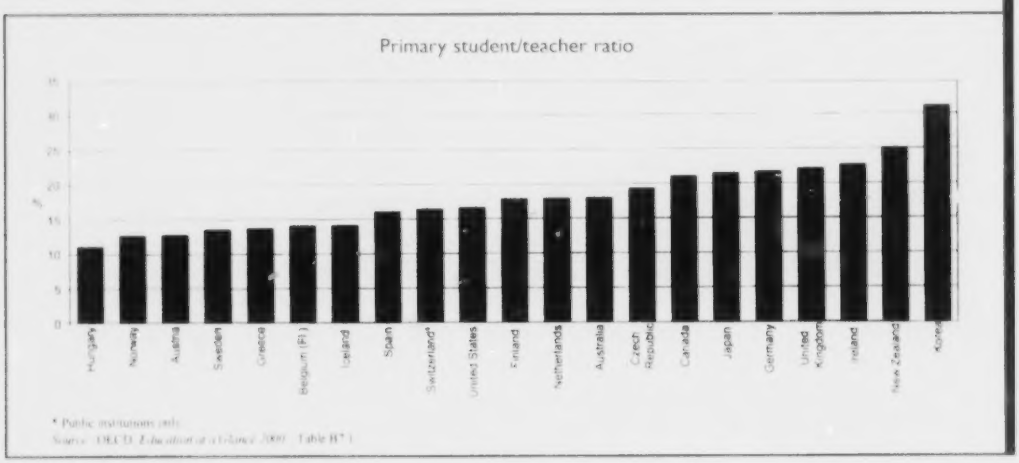


Figure 5

Figure 6



unfortunate indicator to use since focusing on it can lead to arbitrary specifications of maximum class sizes and removal of the opportunity to use flexible groupings of students for different purposes. A better indicator of average workload is the ratio of students to teachers. This ratio is shown for primary schools in Figure 6.

Figure 5 shows that, despite a poorer level of funding per student and higher salaries for teachers, Korea requires less time from its teachers, at 644 hours per year, than does Australia at 893 hours. The trade off that enables Korea to offer teachers a lighter workload than Australia, in hours of work, is that Korea requires its teachers to work with more students. The ratio of students to teachers at the primary level in Korea is 31.0, the highest ratio in the OECD and 73 per cent higher than the ratio of 17.9 in Australia.

The indicators in Figures 1 to 6 make clear that countries vary in their resource levels, in the proportion of their resources that they allocate to education and in the manner in which the resources allocated are deployed. A very partial picture is obtained if only one indicator, such as percentage of GDP allocated to education, is used.

The ultimate test of whether the variations in resource levels and in the manner in which they are deployed make a difference lies in the outcomes achieved but here too careful

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consideration of variations in indicators is necessary. Cross-national comparisons of student achievements can shed important light on the question of efficacy of resource use but cultural differences can also exert an important influence on cross-national differences in resource use and in student learning outcomes. Class size is a good case in point. Large classes in some cultures are desirable for their role in building students' experience of community and they have, in turn, no deleterious impact on learning in comparison with other countries with much smaller classes. Indeed, Korea had among the best results in TIMSS while having the largest student to teacher ratio. That outcome cannot be used to claim that results in other countries would not be worsened by increases in class size to the levels employed in Korea.

Well-defined, comparable indicators of education systems are the starting point for a serious discussion of international differences in education systems. No argument can be clinched with a single indicator. The texture of policy and practice is much too rich for that.

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THE DIFFERENTIATION OF SCHOOLS AND SCHOOL SECTORS

Professor Max Angus
Edith Cowan University

"unregulated competition between sectors was thought to work against the wider public interest ... but now the Howard government is allocating its funding within an overtly competitive framework"

"recent policies supporting parental choice, competition between schools, and local management of schools favour diversity of provision rather than uniformity, and have the propensity to undermine the comprehensive school"

The ideal of the comprehensive secondary school

One of the most significant educational reforms of the twentieth century was the introduction by State governments of comprehensive secondary schooling. Prior to the adoption of comprehensive schooling, the States administered highly diversified and selective systems. Connell (1993) describes the situation in New South Wales where the range of schools included:

> ***boys' high schools and girls' high schools, technical high schools, home science high schools, agricultural high schools, junior high schools, intermediate high schools, junior technical schools, central schools and a conservatorium high school. It was a 'hierarchical system of secondary schools into which pupils were streamed on the basis of sex, intelligence and performance'. In metropolitan areas, the high schools took the brightest products of the primary schools leaving the remainder to the junior, intermediate and central schools ... When the Wyndham Committee reforms began to be implemented in 1962, the various secondary schools were combined into multilateral, usually comprehensive, high schools similar to many existing rural secondary schools. (p. 41)***

Other States embarked on similar reforms during this period. Under the comprehensive schooling reforms, as far as possible all Australian children would gain access to a good quality of secondary eduction on equal terms. This would be achieved on the following bases:

- access would be open to all students who lived in a school's neighbourhood;

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- the school resources, including staff and facilities, would be allocated according to systemic standards that were independent of the income of parents living in the neighbourhood;
- a common curriculum would be adopted so that students had access to a similar range of subjects; in high schools, subject choice was contingent on the size of the school rather the socio-economic attributes of the families living in the neighbourhood;
- high schools would draw students from nominated feeder primary schools; and
- the intake areas would be defined by central officials who, as far as possible, would ensure that high schools enrolled students from socially diverse neighbourhoods.

The model, of course, could never be perfectly implemented. No amount of central planning could ensure that each high school enrolled an equivalent social mix of students. Further, once enrolled in a large comprehensive high school, students were usually grouped on the basis of ability and their classroom experience was comparable to what it might have been in a selective school. Nevertheless, advocates of these reforms argued that vigilant school staff members could recognise students with potential to achieve at a higher level and reassign them to an appropriate classroom group. There *ought* to be more mobility across instructional levels in comprehensive schools, allowing the potential for a fair system.

Though never fully realised on a State-wide basis, comprehensive schooling constituted an ideal that encapsulated the core values of government schooling, in particular the values of community and equity described by Connors (2000). Further, comprehensive schooling provided an administrative framework that suited the centralised State systems. Uniformity negated the need for community consultation about school provision. The large public comprehensive high school, with a standard curriculum, fed by a few local primary schools, was the basic building block for government schooling as metropolitan landscapes came to be dominated by the suburban sprawl.

The undermining of the ideal

During the 1970s and 1980s, not long after its inception, the comprehensive schooling model faced two serious challenges.

The first challenge was financial. The provision of the large range of curriculum specialisations on every school site was costly, increasingly so as community expectations burgeoned. The States could not afford it. It was beyond their means. During the 1960s, State governments began to lobby the Commonwealth to provide additional funding, lobbying that led to a promise of across-the-board assistance by both Labor and the Coalition prior to the 1972 federal election. Even after the injection of Schools Commission funding during the 1970s, States found it more cost-efficient to provide specialist facilities in a few schools than provide them on a State-wide basis.

"comprehensive schooling constituted an ideal that encapsulated the core values of government schooling, in particular the values of community and equity"

The second challenge for comprehensive schooling was to find a way of responding to the competition from the private sector for high academic achievers. Some States, while purporting to embrace the principles behind comprehensive schooling, retained selective entry high schools. The New South Wales government school system, for example, is a hybrid of comprehensive and selective high schools. Others, such as the Western Australian education department, having established a broadly comprehensive system, introduced competitive entry programs that were designed to attract academic high fliers. Government school authorities feared that the highest performing students might be attracted to private schools. These special programs became additions to comprehensive schools.

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Even without the revival of the private school sector that followed the huge injection of Commonwealth funding in the 1970s, the comprehensive school model may have collapsed. Be that as it may, the seemingly inexorable growth of the private sector and government funding policies that encourage competition are radically transforming it.

Until recently, unregulated competition between sectors was thought to work against the wider public interest. Although government funding had enabled the private sector enrolment share to expand, constraints such as the New Schools Policy had limited the growth of small private schools and the establishment of new schools where existing provision was adequate (McKinnon 1995).

> "even without the revival of the private school sector the comprehensive school model may have collapsed"

Now, however, the Howard government is allocating its funding within an overtly competitive framework. The New Schools Policy and the constraints associated with it have been abolished. Funding allocations to State systems have been cut where the private school sector is growing faster than its government school counterpart. The Howard government is explicitly using competition as a policy lever.

The consequences of such changes make it hard for State systems to ignore the facts of their declining share of enrolments. These conditions are also making it harder to manage a system of comprehensive schooling that has already started to break down.

Diversification of school types and the differentiation of sectors

The need to recover their enrolment share, or at least stabilise enrolments, has presented government school authorities with important choices of strategic significance.

Uniformity of provision, a central principle of government school administration during the last century, has become closely associated with a comprehensive system of schooling. More recent policies supporting parental choice and competition between schools, coupled with policies that promote local management of schools, favour diversity of provision rather than uniformity. These policies have the propensity to undermine the ideal of the comprehensive school. The more they are emphasised in school administration, the harder it becomes to retain a comprehensive system.

Second, government school authorities have to decide how important it is to reclaim their former enrolment share. Does it matter whether the government sector enrols only 70 per cent of students? or 60 per cent? or less?

The more important indicator of the 'health' of the system may be a factor other than the quantum. Advocates of government schooling fear that the continued migration of high-performing students will make it the safety-net provider for the 'hard to educate' and those students from families that cannot afford to pay private school fees. However, a smaller government school sector serving families that have actively chosen it by offering a valued alternative to the private sector is quite a different matter. Government school authorities, accepting the reality of the market environment, could actively set out to differentiate their sector from the private rather than be 'everything to everybody'. If differentiation can be achieved on the right terms, then a loss of market share may not necessarily be a matter of concern.

Although government schooling has never been a monopoly in the strict sense of the term, State school systems have operated during most of the twentieth century as though they were. Government schooling was universally available. Infrastructure has been automatically provided in new housing estates. For years, curriculum requirements for years K–10 have been designed to suit the government system. The considerable authority of directors-general of eduction extended beyond State education departments into the wider education and public spheres. Only in the final years of

schooling, where private schools had comparable enrolment shares and a longer tradition of participation, was the government system obliged to accommodate private school interests. Syllabus committees for tertiary entrance examinations had cross-sectoral membership and private school officials exerted considerable influence in the politics of tertiary entrance. In pursuing a policy of differentiation, State system providers would be clearly acknowledging that they no longer have a special status approaching that of a monopoly.

This raises an important set of questions. On what basis should government school sectors differentiate themselves? If there were no differences between the sectors, there would be no basis for choice. Some of the differences that play a part in the choice of parents for one sector rather than another are longstanding matters of government policy. Differentiation between the sectors was traditionally based on cost of tuition to parents and the extent to which the curriculum and ethos of the school had a religious or secular aspect. Parents may choose a government school because it is cheaper or a non-government school because of its religious ethos. Some of the differences between the sectors are more complex and are tied to history and tradition as well as current practice. Government schools have lower retention rates in Years 11 and 12. State systems have made little headway in ameliorating this difference. The curriculum is different in some respects, too. Government schools are more extensive providers of Vocational Education and Training (VET). State governments are now further differentiating their government school systems. In moving down the differentiation path do government school systems have to abandon the principles that underpinned comprehensive schooling? Does the differentiation path return systems to the situation described by Connell (1993) at the beginning of this article?

State examples

Queensland provides the most publicly articulated example of diversification and differentiation. The Queensland education department conducted an extensive program of consultation with a wide range of stakeholders on the condition of government schooling (Education Queensland 1999). One of the triggers for the consultation process was the declining enrolment share of Queensland government schools. The exercise revealed that government schools were commonly perceived as 'bland'. The Queensland Government has subsequently announced the adoption of a policy of 'distinctive schools' (Education Queensland 2000). To counteract the blandness the system will support a variety of kinds of school. Examples include focus schools which provide programs of excellence, selective schools with a strong academic emphasis, alternative schools for students who dislike orthodox forms of schooling, community access schools which provide family and other community services, magnet schools with special programs that draw students from outside the normal enrolment zones, and navigator schools which are centres for teacher education. The development of a particular kind of school is expected to follow intensive community consultation. In other words, central authorities will provide the kind of school that a community wants.

> **"a smaller government school sector serving families that have actively chosen it by offering a valued alternative to the private sector is quite a different matter"**

The distinctive schools strategy is one of several in the 'Education Queensland 2010' package to revitalise the Queensland government school system. Another key strategy is to improve pedagogy. To this end a new curriculum framework has been designed, known as the New Basics. The New Basics curriculum is to be trademarked so as to produce not only distinctive schools but also a distinctive system employing innovative pedagogies.

Western Australia has also embarked on a

'distinctive schools' course. Whereas twenty years ago new secondary schools would have been essentially of a standard type, over recent years the education department has introduced community high schools, middle schools, senior colleges, high schools emphasising VET programs with strong TAFE connections, and high schools offering academic programs with strong university connections. The vehicle for these changes has been a process known as 'Local Area Education Planning' (Education Department of Western Australia 1997). Initiated as a means of managing school closures and amalgamations, the process has had a much wider impact. The net result is that provision within a region is quite mixed. As in Queensland, the planning of the provision involves extensive community consultation. The standard high school template has given way to local variations.

> "the planning of the provision involves extensive community consultation"

In some respects the Queensland and WA responses can be seen as centrally driven diversification. The Victorian programs of self-managing and self-governing schools, described in School Resourcing by Caldwell, may achieve the same end via a bottom-up approach if the Victorian Government enables them to continue in some form or other.

Some implications

Large-scale change involves risk. Popper's Law of Unintended Effect inevitably comes into play: Solutions to problems tend to create new problems. Three are now discussed.

First, differentiation could involve important trade-offs. Comprehensive schooling is based on the assumption that one model can serve all. Though not necessarily a perfect fit with every community, the model was thought to be sufficiently robust that local variation could be accommodated without its essence being lost. Two of the constituent parts of the essence were equity of access and its relationship to a particular neighbourhood. Diversification, especially where it involves selective entry to the school overall or to special programs within the school, challenges the principle of fairness: the selection process may be *objective* but the arrangement unfair if students who could benefit from access are denied it. A 'distinctive' school, though established after community consultation, draws students on a regional or State basis. It becomes harder to promote the school as a neighbourhood school under these circumstances even though local students may be eligible to attend. The adoption of policies promoting differentiation places the Catholic and other low-fee schools in the private sector in the traditional role of the government school. It would be ironic if such schools come to be more inclusive and comprehensive than government schools.

Second, diversification of secondary schooling will have an impact on primary schooling by weakening or severing the conduit between feeder primary schools and the local high school. In the absence of a special relationship with local high schools, the fact of having to choose among government schools could lead parents of primary school children to canvass more seriously a private school option. The end of primary school is already the point at which many parents opt out of the government school system. This problem is compounded by the market pressures on non-government schools to fill their secondary quotas. As a result, it has become more important for them to enrol students in the primary years because, once enrolled, students are likely to stay on for the duration of their schooling. One way or the other, government primary schools are likely to be exposed to increasing market pressure.

Finally, policies promoting differentiation must find a means of ensuring that 'hard to educate' students do not slip through the net. Generally, it should be stated, these students have not fared well in the comprehensive system; many teachers find classes of adolescent students who would rather be somewhere other than school difficult to teach. However, one advantage of the comprehensive system was that school authorities usually knew where they were. Another was that they tended to be shared across schools. The system of

neighbourhood school networks provided a standard gauge. In a system of distinctive schools, where there is more traffic across the traditional neighbourhood boundaries, it will be more difficult to keep track of such students. Selective specialist schools are not usually interested in such students if they do not contribute to their reputation. The market environment has amplified this problem. Potentially, more diversity among government schools could allow for schools that distinguished themselves because of their success with such students. The 2010 reforms of Education Queensland propose as much. While an ambitious goal with much stacked against it, there is much to be gained by making progress in this area.

Conclusion

Policies promoting differentiation are likely to change the face of State education systems. The features of comprehensive schooling that used to characterise government systems will become less apparent. A new and untested system is emerging in which variety and distinctiveness are valued ahead of uniformity and familiarity. This is a radical departure and it will be difficult to reverse. Further, as the ideal of comprehensive schooling fades, State systems will struggle to hold on to foundational values of the last century while at the same time embracing choice and competition. At some point, the meaning of the word 'system' in 'government school system' may change.

Relations between the service providers will change, too. Notions of 'the market' will lead to actions being judged by whether they produce a competitive advantage rather than whether they are inherently good (or bad). The prospect that this could happen is not new; its normalisation would be.

Government school systems are in a difficult position. There seems little prospect, in the foreseeable future, of school education being quarantined from market thinking. None of the contributors to *School Resourcing* seems to think it possible. Hence, the question is how to make the best of it. Differentiation is a strategy that fits comfortably with market thinking. This does not necessarily make it good or bad. It has the potential to revivify public education. If mismanaged, however, it could also reintroduce the selectivity of forty years ago. Attention should be paid to how State systems are adjusting to an environment in which resources are distributed through market mechanisms.

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PUBLIC EDUCATION AND THE REMUTUALISATION OF AUSTRALIAN SOCIETY

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"contemporary policy is marginalising the social purposes of education — especially the contribution of schools to the sustaining of Australian democracy"

"the postmodern world is eroding the sense of community and the social cohesion that are the very lifeblood of a democracy"

Introduction

Resourcing education from public funds is a political act. It involves making choices between opposing demands, based on competing sets of values, assumptions and beliefs. Any consideration of school resourcing is value-laden — whether it is a concern with the total amount of money allocated by State and Commonwealth governments for education (as against, say, health, defence, or social welfare), or with the division of available funds between or within schooling systems. And invariably these values and beliefs relate to questions about the purposes of education.

The excellent collection of papers edited by Emeritus Professor Peter Karmel (2000) represents this point in action. The contributions reflect a broad spectrum of views about school resourcing, each of which is premised, either explicitly or implicitly, on a particular set of beliefs about the purposes of education. In combination, the papers stand as a reminder that we need such reference points if we are to engage in informed debate about educational funding. It is to be hoped that the inaugural Year Book of the Australian College of Education will help to generate a national conversation about the purposes of education in the 21st century, and about the relative weight that we should give to each of these purposes in a postmodern world.

In this paper I want to contribute to that debate by linking an examination of current Commonwealth Government policy as it relates to school resourcing, with a critical analysis of what this policy assumes to be a major purpose of education. I will argue that contemporary policy is marginalising the social purposes of education — especially that purpose which

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connects the contribution of schools to the making and sustaining of Australian democracy — and that this is posing a significant threat to our democratic system, given the dramatic growth in inequality in Australian society. In particular, I maintain that we need urgently to consider the current balance of funding between public and private schools.

Education as a social good

The key to understanding Commonwealth education policy lies in the discourse through which that policy and the debates around it are framed and expressed. We are in the middle of a significant shift in the discourse (and therefore the values and assumptions) that sustained the Australian approach to education policy, and specifically education funding, in the twentieth century.

For most of the twentieth century public education has been constructed as being a social or public good, which is to say that there was broad agreement that public funds should be expended on establishing and maintaining schools because society got something back in return. Of course there was frequently disagreement about what that 'something' represented, and often it served particular sets of social interests. But the debates and struggles around these issues were always conducted within the understanding that education served social purposes.

After World War II, for example, increased expenditure on education was justified on the basis of the imperative to skill and educate workers in the new manufacturing industries and burgeoning public sector, and to satisfy the needs of new immigrants for English language instruction and incorporation into Australian 'culture'. Public schools were seen as vital elements in the process of nation and community building. Even the Whitlam decision in the early 1970s to continue to fund private and Catholic schools on a systematic basis was taken, and justified, from the perspective of education as a social good. Poorly equipped Catholic schools were seen as an affront to the Australian notion of a 'fair go', and thus it was argued that schools should be funded on a needs basis. For the next twenty years the sporadic public/private debate was conducted within a broad settlement that education was a public good. All of that changed in the mid-1990s.

Constructing education as a commodity for individual consumption

With the election of the Howard government in 1996 there has been a fundamental shift in the way public education is conceived of and talked about. This shift in educational discourse is the key to understanding the contemporary politics of public education and the associated resource issues. In broad terms, the notion of the collective public good in relation to education has been abandoned. Permeating every policy and associated political statement on education (and every other social welfare area such as health and the justice system) is a focus on the individual, now constructed not as a citizen but as a consumer. In this new scenario, education has become a commodity that confers benefits (mostly economic benefits) upon individuals.

> **"having moved from a largely social to a largely individual rationale for public education, the logic of operating in an education market where individual consumers can make individual choices is compelling"**

Having moved from a largely social to a largely individual rationale for public education, the logic of operating in an education market where individual consumers can make individual choices is compelling. And associated with this, of course, comes all of the machinery of the market, including the necessity to develop brand images and to sell these through public relations exercises.

At the centre of this new discourse lies the concept of choice. Choice has become the key

to the new educational nirvana. It is founded on the right of parents to choose the educational environment which best suits the needs of their child, whether the school of their choice is in the government or non-government sector', ... [and it] leads to diversity, which, in turn, allows freedom of expression, accommodates diverse beliefs and values, stimulates innovation and promotes greater accountability for schooling outcomes to parents and to the wider Australian community (DEETYA 1997, p. 2, quoted in Ethell & Dempster 2000, p. 39).

What is important here is that the rationale for choice is couched in the democratic rhetoric of

> "once choice becomes the dominant motif, it becomes logically necessary to blur the distinction between public and private schooling"

rights, freedoms and diversity. On the surface it is difficult to contest: after all, who can oppose people having choices in a democracy? But once accepted, significant consequences follow. Once choice becomes the dominant motif, it becomes possible, indeed logically necessary, to blur the distinction between public and private schooling. The maintenance of such a distinction can be constructed as an impediment to freedom of choice and so as fundamentally undemocratic. How has this sleight of hand been achieved in policy terms?

The story of how the Howard government has set about blurring the distinction between public and private in order to privilege the funding of the private system is by now well known (Reid 1998; Ethell & Dempster 2000).

First, the abolition of the New Schools Policy opened up the education 'market' by removing the existing systematic requirements for planning, which had been based on an optimum use of existing facilities. Then, having created the possibility for an expansion in the number of private schools, the Government fashioned the mechanism of the Enrolment Benchmark Adjustment scheme (EBA) to enable funds to flow from public to private schools to support the increased student numbers. Thus, since 1996 the Commonwealth Government has sought to use its funding powers to systematically establish a single education market where parents and students, now defined as consumers, ostensibly are 'free to choose' the school that best suits their individual needs. All of this is justified through a legitimating discourse of individual rights, most obviously underpinned by the concept of freedom of choice.

Such an approach establishes and legitimates a policy climate in which an increase in funding to private schools appears natural and unproblematic. The effects on Commonwealth funding for education have been stark. Certainly there has been an increase in Commonwealth spending on schools as a proportion of GDP from 0.65 per cent in 1995–96 to 0.75 per cent in 2000–01. But the growth has been almost entirely in the funding of private schools. Thus, in 1996 government schools received 42 per cent of Commonwealth Government funds, in 2000 they receive 34 per cent and in 2003 they will receive 32 per cent (Davidson 2000). Each year, as a consequence of the EBA, the public system loses funds even as its numbers increase.

Does this matter? That is, if all schools are in the same education market, does it make sense to differentiate on the basis of public or private? I intend to argue that it matters very much, indeed that it goes right to the heart of the functioning of our democratic system. But to develop this argument I need to return to the fundamental questions about the purposes of education.

Public education and its democratic purpose

It has long been argued that public education has an important democratic purpose. In part this claim refers to the development of the knowledge, skills and dispositions necessary for young people to become active citizens, usually through curriculum approaches such as citizenship education. In this form there is no obvious reason why the same democratic capabilities cannot be developed in private as

well as public schools. But the claim also refers to the nature of public schools. In this context, the argument is that public schools (free, compulsory and secular) are themselves microcosms of the broader community, representing a far wider range of people, backgrounds, cultures and experiences than exists in private schools. In these diverse communities, it is argued, public students are better placed to develop those capacities, such as tolerance and an appreciation of difference, which are so important to democratic life. That is, public schools are central to the making of democratic publics.

Ken McKinnon and Suzanne Walker (2000) represent the view that such a position no longer holds because of the changing nature of non-government schools. In their interesting contribution to the Karmel collection they maintain that since most (not all) private schools have broad enrolment and low fee objectives, then it is not accurate to describe these schools as catering for a significantly different type of student than do public schools. For this reason, and the fact that all schools follow state-mandated curricula, McKinnon and Walker maintain that:

> ***while strong claims can be made for common public schooling, a claim that only those schools within the public system can be the legitimate guardians of common universalising and democratising ideals goes too far ... The overwhelming majority of those [non-government] schools do teach common values. (p. 81)***

If McKinnon and Walker are right, then there is no reason, at least connected to this purpose of education, that we should disturb current funding arrangements in relation to the balance of funding between public and private schools. Nor is there reason to challenge choice as being at the heart of funding policy: indeed, according to McKinnon and Walker, the 'processes for eligibility for funding should begin there' (p. 83). However, in my view this position is based on a flawed assumption. While the authors recognise that education systems are changing, they assume an unchanging democratic system. That is, their analysis appears to take for granted the structures, processes and values that make up Australian democracy. And yet the analysis (and thus the implications for funding public education) alters when these are recognised as being dynamic rather than fixed. It is to that task that I now turn.

> "public schools are central to the making of democratic publics"

Australian democracy in a globalising economy, polity and culture

Usually when arguments are made for the democratic purpose of public education, the reference point for democracy is the sovereignty of the nation state. It is clear that the argument can no longer be couched in these terms. Although there are disputes about the relative power of the nation state in a globalising world, there has been a fundamental shift in the fulcrum of power. As Marginson (2000) puts it:

> ***Globalisation does not create a single political world — it does not abolish the nation state — but it changes the conditions in which nation states operate. (p. 25)***

These changed conditions — economic, cultural and technological as well as political — are altering our social and political practices in quite fundamental ways. It is important that they are analysed and understood in order that we can respond to them in ways that are consistent with our most important values. What impact are they having on our political life?

The economic policy response to globalisation has been to embrace the ideology of the free market. In Australia we have called this approach economic rationalism and it has involved deregulation, privatisation and a wholesale commitment to the efficacy of the market. It has had a dramatic effect on Australian society. Inequalities in wealth and opportunity are growing at a rate that threatens our social compact. In the past twenty years, the average incomes of the most affluent 10 per cent of

Australians increased by between three to six times those at the middle and bottom of income distribution (Kelly 2000, p. 19). And many Australians don't even figure in these calculations. Our official unemployment rate hovers around 10 per cent with a youth unemployment rate in some areas of 25 per cent. Some are warning that Australia is becoming a society of 'gated' communities where the wealthy exclude themselves from the rest by building walls around the fortresses where they live and employing private security patrols (Kerr 2000). People are becoming more and more disillusioned with our politicians and the political process. This makes fertile soil for the sort of politics of hate and division represented by groups like One Nation. Little wonder that Paul Kelly has titled his recent book on the state of the nation: *Paradise Divided*.

> "our sense of community is being eroded as goods and services are privatised, as those institutions we own in common are downgraded, and as we are cast in the mould of consumers rather than citizens"

It is becoming increasingly obvious that, although there had to be an economic response to globalisation, economic rationalism is creating unsustainable costs to our social and political life. And it is not only producing material inequalities. Neo-liberal policies are reducing the amount of social capital in Australian society, that is, those non-contractual relationships and links between people that are based on social rather than commercial needs (Putnam 1993; Cox 1995). Our sense of community is being eroded as goods and services are privatised, as those institutions we own in common are systematically removed or downgraded, and as we are cast in the mould of consumers rather than citizens. The individual is supreme. This is compounded by the effects of globalising cultures that also threaten our social capital in unusual and contradictory ways. I will provide three random examples to illustrate this point:

(1) One of the paradoxical effects of globalisation has been to cause some people and groups to look inwards and retreat to the immediate and local as a way of coping with the new environment. Often, rather than creating a rich sense of community, this can become an introverted localism which at best ignores the interests of the wider society, and at worst excludes and denigrates those who are different from the local norm. Around the world we are witnessing the regrowth of a sort of tribalism as ethnic groups within nation states assert their identity, often at the expense of broader notions of a cohesive but diverse community made up of many groups within a nation state. Given the delicate balance of multiculturalism in Australia, these are worrying trends and they have real implications for the functioning of our democratic system.

(2) Technology in a postmodern world is changing the ways in which we relate to one another. As increasing numbers of people access the Internet on a daily basis, as we are subjected to a barrage of information from different forms of media, as we surf the net and cross dozens of pay TV channels, so we are all caught up in a process of redefining what community means. This is not necessarily a negative phenomenon: for many people it has opened up new vistas and interests. But it is also having an impact on what it means to belong to a local, regional and national community. To what extent does it reduce rather than expand our common interests, our shared concerns, our common goals and aspirations? Is it possible that we will have more in common with some groups in cyberspace than with the citizens of our geographical communities; and, if so, what does this mean for our understanding of the public and for the practice of Australian democracy?

(3) In the past twenty years we have seen the rapid growth of single issue politics. Of course this may have a number of positive

effects, not the least being an increase in the numbers of people actively involved in democratic life. But it might also promote a fractured and divisive view of social and cultural life, with a tendency to focus on the particular rather than the interconnectedness of the whole. What are the implications for our political system?

These three examples are sufficient to illustrate the point that globalisation is changing the culture and practice of Australian democracy. It is not all gloom and doom. Undoubtedly the new environment promises many possibilities and opportunities. But just as certainly it can divide our society and weaken those elements of it that have been so important to the creation of one of the world's most tolerant, diverse and peaceful societies. In particular, it appears that the postmodern world is eroding the sense of community and the social cohesion that are the very lifeblood of a democracy. How might this be recaptured? I will argue in the final section that public education is crucial to sustaining and enhancing our democratic way of life.

Public education and Australian democracy

As I described earlier in this paper, education has not been immune from government policy shaped by the market ethic. The shift from conceptualising education as a social good to an individual good has been facilitated through the ideology of choice which now lies at the heart of government policy in relation to education funding. It has resulted in what Lyndsay Connors (2000) refers to as the 'demutualisation' of schooling, by which she means the loss of that sense of reciprocity, altruism and 'love of strangers' (p. 72) that characterises an education system governed by a commitment to the common good. In a commodified education system, the dominant ethos is that of self-interest.

There is now enough empirical research around the world for us to understand the social effects of constructing education around choice (Whitty et al. 1998; Lauder & Hughes 1999; Campbell & Whitty 2000). Such research has demonstrated that marketised schooling systems result in a loss of the diversity of student populations and a significant growth in the disparity of resources between schools. And these differentiations are invariably organised on the basis of socio-economic status, ethnicity, religion and race.

> "never have schools as mutualising institutions in our society been more needed than now"

If a major social purpose of education is to nurture our democracy, then surely we need to organise schools, as key social institutions for the development of an active citizenry, in ways which are consistent with, and indeed promote, those attributes, cultures and practices that make up democratic life. Organising schools on the basis of choice is to elevate individual needs and wants above community needs, and to ensure that some benefit more than others. It is surely to promote a culture of selfish individualism where the dominating motif is competition and greedy self-interest rather than cooperation and mutual benefit. How can we afford to do this at a time when, as I argued in the preceding section, the glue of our democratic life is coming unstuck? Never have schools as mutualising institutions in our society been more needed than now.

However, while the claim that we should return to a greater emphasis on the social and democratic purposes of education may be a sufficient reason to jettison choice as the raison d'être of funding policy, it says nothing about the balance of funding between the public and private systems. This argument turns upon the connection between the demands of our changing democratic processes, and the nature of public and private educational institutions themselves.

If my analysis of some of the dangers facing Australian democracy in the new century is broadly accurate, then it is clear that as a society we need to take urgent action. We must find ways of replenishing our supply of social capital and remutualising our civic life. What might be done? Anthony Giddens (1999) speaks

of the need for 'democratising democracy', by which he means that we must deepen and widen the ambit of democracy. His suggestions include devolving power; making our political processes more open, transparent and participatory; and finding ways to engage in democratic practices beyond the nation state. But he also argues that:

> ***the democratising of democracy also depends upon the fostering of a strong civic culture. Markets cannot produce such a culture. Nor can a pluralism of special interest groups ... Building a democracy of the emotions is one part of a progressive civic culture. Civil society is the arena in which democratic attitudes, including tolerance, have to be developed. The civic sphere can be fostered by government, but is in turn its cultural basis. (pp. 77–78)***

What might comprise this civic culture? Wiseman (1998) argues for the need to:'oppose the atomistic individualism of competitive "market citizenship" and to defend and reclaim the significance of interdependence and cooperation' (p. 120). For Richard Sennett (1998), this means more than a shallow sharing of common values. He maintains that people are bound together more by verbal conflict than by verbal agreement, at least immediate agreement. This means that we have to engage in rigorous processes of communication through which:

> ***differences of views often become sharper and more explicit even though the parties may eventually come to agreement: the scene of conflict becomes a community in the sense that people learn how to listen and respond to one another even as they more keenly feel their differences ... Strong bonding between people means engaging over time their differences. (p. 143)***

There is not the space here to extend this argument. But even in this shorthand form it is clear that as a society we need to attend to the processes of civic life if we want our democratic system to thrive in a postmodern world. And it is here that we need to reassess the centrality of our public schools to this process. The fundamental importance of public education lies in its very publicness. That is, public schools are open to all. No one can be denied access. As a result, public schools are public spaces which are microcosms of the communities in which they exist. In addition, because they are secular places, they do not promulgate specific or narrow points of view or represent sectional interests. In short, they provide perhaps the only place in our society where people can be inducted into a civic culture of recognising and vigorously engaging with their differences. It is difficult to do this in more homogeneous student communities.

McKinnon and Walker (2000) contend that such a task can also be achieved by private schools, many of which cater for as broad a range of students as the public system. In my view this is overstating the case. A number of research studies demonstrate that students from so-called 'disadvantaged' backgrounds are far more strongly represented in public than in private schools (e.g. Mukerjee et al. 1999). But even were this not so, an apprenticeship in democracy should occur in the absence of imposed world views or sectional interests. Again this is a defining characteristic of public schools which may not necessarily apply to all private schools. Of course, while the diversity of the student population of public schools is an important precondition for developing the critical citizenship capabilities of students, it is not a sufficient condition. School climate, curriculum and pedagogy are obviously central elements. But my point is that it is from this starting point that we should be considering school resourcing. On what basis, and at what cost to our democracy, do public schools receive a reducing share of the Commonwealth dollar?

Conclusion

Any debate about education funding must take as its starting point an understanding about the purposes of education. Such a debate is urgent in Australia, since we have in place models of funding that assume education to be a private commodity rather than a social good. Once that purpose is accepted, we have lost the capacity for education to respond to pressing social needs.

In this paper I have argued that we need to reevaluate the central contribution that schools make to the sustaining and enhancing of democratic processes in Australian society. I have suggested that a number of the effects of globalisation and the neo-liberal policy responses to it are widening inequalities in our society and endangering our civic culture. Schools are central to overcoming these dangers. In particular, I have argued that, given the nature of public schools, it is they that should be leading the charge to remutualise Australian society. This is something that can't be achieved through the pursuit of private interests. As Hobsbawm (2000) points out: 'There are social goods that can only be provided collectively in the common interest' (p. 106). The most important of these is public education, and it must be funded properly.

"public schools are public spaces which are microcosms of the communities in which they exist"

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TOWARDS USER-FRIENDLY EDUCATIONAL ACCOUNTABILITY

Mr Jim McMorrow
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"for the year 2000 and beyond, the report will align reporting and accountability more closely to the new national goals"

Can educational accountability frameworks and systems have educational integrity and social utility?

This was the question I posed in a recent contribution to the Australian College of Education's *Year Book 2000* on the place of system-wide accountability for public schools in New South Wales (McMorrow 2000). This kind of question follows from the enduring interest of governments and their agencies — such as the Commonwealth's Productivity Commission — in establishing measures of system performance for accountability and, potentially, funding purposes.

What is less clear is the contribution of teachers and other education professionals in developing these performance measurement frameworks; or whether teachers and schools find such frameworks of any use.

The Hobart Declaration

The *National Report on Schooling*, published each year by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA), is the major vehicle for reporting on the performance of education systems across Australia. This report arose from the agreement of State, Territory and Commonwealth Ministers for Education to ten *Common and Agreed National Goals for Schooling in Australia* at the Hobart meeting of the Ministerial Council meeting in April 1989. The national goals — announced as the *Hobart Declaration on Schooling* — marked a significant shift towards national policies and

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collaboration, especially in curriculum and in such areas of concern as student mobility and inconsistencies in students' handwriting among States and Territories.

Ministers described the purpose of the *National Report on Schooling* in the following terms:

> ***The annual National Report on Schooling will monitor schools' achievements and their progress towards meeting the agreed national goals. It will also report on the school curriculum, participation and retention rates, student achievements and the application of financial resources in schools. The annual national report will increase public awareness of the performance of our schools as well as make schools more accountable to the Australian people. (Australian Education Council 1989)***

As a means of providing general accountability, Ministers proclaimed:

> ***In the history of Australian education there has never been a single document which informs the citizens of Australia about the nation's education systems and the performance of our schools. The annual National Report will, for the first time, provide a true and comprehensive account of Australian schooling to the nation.***

But the *National Report* was also to have some teeth, through its role in meeting accountability conditions for Commonwealth funding for government and non-government schools. This followed lengthy negotiations between the Commonwealth and State and Territory and peak non-government school authorities on the form of Commonwealth accountability. The *National Report* became a vehicle for reporting to the Commonwealth in a general way, providing the Commonwealth with access to a broader range of system information. For the Commonwealth, this was a significant advance in the level and breadth of data that States and Territories would supply, despite the fact that the Commonwealth provided only about 12 per cent of total expenditure on government schools from its general recurrent, capital and targeted programs. For non-government schools, the Commonwealth's contribution was substantially higher — some 70 per cent of total expenditure, on average (Borthwick 1999, p. 1). The pay-off to the States and Territories and non-government systems was a potential streamlining of accountability obligations across the Commonwealth's general recurrent, capital and targeted programs. These arrangements allowed all parties to focus reporting on the agreed national goals.

Agreements between the Commonwealth and State and Territory and non-government authorities in the late 1980s on the central role of the *National Report on Schooling* for meeting funding requirements remained in place for over a decade. In the last few years, however, the Commonwealth has distinguished between 'core' accountability — for reporting nationally on agreed outcomes that are comparable across the States and Territories — and 'supplementary' or 'program' accountability, for bilateral agreements about reporting that is more sharply focused on specific program objectives. The full extent of this winding-back of the comprehensive role of the *National Report* for Commonwealth funding accountability purposes is not yet clear from national discussions. But it appears that there will be a central place for the *National Report* in future agreements on Commonwealth funding, subject to negotiations over such issues as benchmarking, targets and sectoral, national and international comparisons.

The National Report on Schooling, 1989–1999

To say the least, the annual publications of the *National Report* have received mixed reviews. The report's format — developed by a national taskforce of representatives of Commonwealth, State and non-government bureaucracies — has focused on broad system achievements. Despite some useful information on State and national strategies and financial and non-financial statistical data, the report has been criticised for delays in publication, for an inaccessible style, and for a lack of comparative performance information. For example, Jane Figgis (1999) wrote in the *Sydney Morning Herald*:

> ***It ought to be a most useful document. It is, however, so fully the product of bureaucracy — with each jurisdiction fighting to put its particular stamp on the information — that the whole process takes forever and the final text dull to a degree that is remarkable even for bureaucrats.***

The *Australian*'s education writer, Catherine Armitage (1999), also commented on the perceived deficiencies of the *National Report*:

> ***It is wrong that at a time of great pressure and change within schools, when the direction of policy is for schools to be more accountable and parents better informed, that the best available set of numbers is two years old.***

"States and Territories, and non-government school authorities have worried about the potential for misinformed public debate on what they see as limited and imperfect measures"

The problem is the States. Their paranoia in having their educational performances compared leads to unconscionable delays in publication.

But it hasn't always been the States that have held up publication. The Commonwealth Minister refused to approve the release of the 1998 report until all State and Territory Ministers had provided comparable data on Year 3 reading results — the first such report on nationally comparable educational outcomes — which did not occur until March 2000 (MCEETYA 2000). Interventionist Commonwealth Ministers like John Dawkins and David Kemp have expressed concern at the lack of comparable data on educational trends and targets. States and Territories, and non-government school authorities have worried about the potential for misinformed public debate on what they see as limited and imperfect measures.

The 'high stakes' for school authorities in their contributions to the *National Report* —in relation to both Commonwealth accountability and potential media interest in the report's material — have no doubt contributed to its cautious style. This approach, however, can no longer be sustained for the nation's pre-eminent report on the outcomes of schooling.

The Adelaide Declaration

Following an extensive process of consultation, Ministers endorsed a revised set of national goals for schooling at their meeting in Adelaide in April 1999 — the Adelaide Declaration on the National Goals for Schooling in the Twenty-first Century. Ministers also agreed to continue with a national report with an increased emphasis on educational outcomes, focusing at least initially in the following areas:

- ***Literacy***
- ***Numeracy***
- ***Student participation, retention and completion***
- ***Vocational education and training in schools***
- ***Science***
- ***Information technology***

The national taskforces established to develop rigorous performance measures, benchmarks and, possibly, targets for these areas are likely to provide, for the first time, a comprehensive and technically rigorous set of measures for assessing system performance. But even if these measures satisfied political and financial accountability needs, they are unlikely of themselves to inform strategies for educational improvement at system and school levels.

The Proposed National Report on Schooling in Australia

Ministers went a step further in March 2000 when they supported significant changes to the format of the *National Report*. For the year 2000 and beyond, the report will align reporting and accountability more closely to the new national goals. The new report format will organise chapters around the agreed educational areas, rather than descriptions of Commonwealth and State and Territory achievements, as set out below.

These and other chapters will provide educational context to the performance data, in accessible language. Readers, especially teachers and other education professionals, should have confidence that the material in the report is educationally credible and up to date.

The new report will be provided in electronic (Internet and CD-ROM) as well as print formats. The use of Internet technology should assist in providing timely information as parts of the report are completed and updated.

Planning will focus on the potential to provide access to richer and more specialised information, such as national and international research, major reports, professional contacts and examples of 'best practice' and innovation. It will also focus on interactive processes, where teachers and schools can receive advice on possible directions in their educational programs and sources for finding answers to particular problems. It will realise any potential from digital technology for achieving this.

Each chapter would include a wide range of information and contacts for teachers, schools and parents. The proposed 'literacy' chapter, for example, would explain national trends in literacy benchmarks and other outcomes with reference to State, national and international developments in literacy teaching and learning research and innovation. For readers interested in literacy strategies in New South Wales, the report would provide a brief summary of that State's literacy programs, curriculum and assessment documents, and professional development opportunities in systems, universities and elsewhere. The report would enable readers to trace evaluations of the State's Reading Recovery program and other literacy programs, and to compare these with related national and international research. They could also gain access to system and school-based initiatives in literacy.

Other chapters would provide a similar range of information and advice.

> **"material on innovation and successful practice in school organisation, curriculum, teaching practices, school performance measurement and review, professional development, teacher education and system improvement"**

The new national report will build on the existing presentations of statistical data, and include an appendix of the 'raw material' of financial and non-financial data for the more comprehensive reporting on educational outcomes in the agreed areas. Supplementing these data will be material on innovation and successful practice in such areas as school organisation, curriculum, teaching practices, school performance measurement and review, professional development, teacher education and system improvement.

Proposed National Report on Schooling in Australia for 2000

The 2000 National Report will consist of four sections. Part A will act as an executive summary, highlighting key developments for the year. Part B will both assist readers unfamiliar with the Australian schooling system and outline the State, Commonwealth and privately sourced funds provided for schooling. The body of the report is in Part C. This section covers the six agreed areas of national reporting being worked on by the National Education Performance Monitoring Taskforce. Part D provides additional statistics, details of further reports and publications, and coverage of measurement issues arising in the other sections of the report.

Part A	**Highlights**
Chapter 1	Highlights of 2000
Part B	**The Provision of Schooling in Australia**
Chapter 2	The Context of Australian Schooling
Chapter 3	Resourcing Australian Schools
Part C	**The Progress of Australian Schools in Meeting the National Goals**
Chapter 4	Meeting the National Goals: Progress in 2000
Chapter 5	Student Participation, Retention and Completion
Chapter 6	Literacy Student Outcomes
Chapter 7	Numeracy Student Outcomes
Chapter 8	Vocational Education and Training in Schools
Chapter 9	Science Student Outcomes
Chapter 10	Information Technology Student Outcomes
Chapter 11	Indigenous Education
Chapter 12	Future Directions
Part D	**Index and Appendices**
Appendix 1	Australian Schools in 2000: Statistics
Appendix 2	Commonwealth, State and Territory Publications
Appendix 3	Commonwealth, State and Territory Reports on School Education
Appendix 4	Measurement Issues
Appendix 5	Index

Note: All chapters in Part C will report agreed performance measures based on rigorous definitions and criteria developed by the National Education Performance Monitoring Taskforce of MCEETYA. Reporting in each area will include outcomes data for all students and for some sub-populations, such as students with disabilities, Indigenous students, and the language background, socio-economic and geographic characteristics of students.

The material in Part C will also include advice on educational research and innovation, professional and research contacts, and links with relevant State and Territory, national and international agencies.

Conclusion

The proposed changes to the National Report on Schooling are a modest, but potentially significant step in aligning educational accountability systems to educational purposes and goals. They would be constrained by what is possible to demonstrate at the national level. For most teachers, students and parents, the information in the national report would need to be augmented by school and student reporting systems.

If the proposed new form of national reporting can achieve its goals, it would realise its potential as a form of responsible accountability. It would meet criteria of rigour and relevance from both a measurement and an educational perspective. Its focus would be on educational achievement and improvement, especially for students; and to replace any concerns over 'bureaucratic' obscurity or timidity with public confidence in the report's transparency and accessibility.

If student- and school-centred accountability can also meet the needs of Ministers and governments in justifying their policies and programs, the National Report on Schooling in Australia would be able to demonstrate genuine efficiency and effectiveness. Otherwise, we are left with sterile accountability reporting on broad outcomes in a resources and educational vacuum.

Acknowledgements

Thanks to Martin Graham and Belinda Lee of the NSW Department of Education and Training for their help in preparing material for this paper.

"a potentially significant step in aligning educational accountability systems to educational purposes and goals"

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WHATEVER YOU DO, DON'T MENTION THE STATE AID DEBATE

Mr Roy Martin
Federal Research Officer, Australian Education Union and

Mr Denis Fitzgerald
Federal President, Australian Education Union

"the initial settlement was based on a compromise between the public and private purposes of education"

Funding policies are fundamentally changing the landscape of Australian schooling, and yet the public debate on these changes has been at best superficial and at worst non-existent. There has been a muted complacency, about what is really happening and what it means for the future of Australian schooling, by the major political parties, by the media (although there are growing signs that the media are at last recognising that this is the major education debate) and by education policy makers. But this ought to be less about the big players in education and more about the children of Australia.

The Australian College of Education must be congratulated for raising the issue. Yet, we all have a special responsibility to ensure that the debate is inclusive of all with a voice and responsibility for Australia's young. Hence, the debate needs to be both balanced and proportionate; intellectually sound and having sufficient regard to the proportion of children affected.

"in 1997, $576 more was spent educating the average private student than the average public school student"

It would be a travesty, then, if the issue that is at the core of changes in Australian schooling is put off-limits and dismissed as the forbidden 'state aid debate', only to be talked about in euphemisms or referred to in passing. The key questions must be raised: 'Is the funding system fair and in the best interests of all Australian children?' and 'How are children hurting as a consequence of a system now inclined too heavily away from reason and equity?'

Our essential point is simple. The modern settlement on schools funding has been broken. And there are consequences for all of us.

49 BEST COPY AVAILABLE

The broken settlement

The initial settlement was based on a compromise between the public and private purposes of education. The desirability of a public system dedicated to the public interest purposes outlined by Peter Karmel in his introduction to the *College Year Book 2000* (2000b, p. 3) was essentially upheld, though there was some financial support for schools catering to the minority of parents with particular views, mostly religious, or financial capacity who had opted out of the public system to pursue particular educational aspirations for their children. Many schools catering to these more private aspirations were said to be in danger of collapse without government assistance. This support was given in a context where the resource standards of most schools, both public and private, were to be raised to meet an unspecified resource standard. This went some way to meeting the needs of those who had already opted out of the public system, and who had shown that, given a choice between schools that met their religious views but could not offer a reasonable education on their existing resources, and public schools, they would choose the former. Susan Pascoe's reminder to us about the role of Pius IX and the 1864 Syllabus of Errors, which forbade Catholic involvement in mixed schools, is perhaps relevant here (Pascoe 2000, p. 86).

Despite the fact that this settlement did not accord with the deeper sentiments of all parties, including the Australian Education Union (AEU), it served to dampen the debate, and provided a basis on which Australian schooling, and the nation, could move forward with a semblance of unity and common purpose. In an era of expansion of overall resource provision, it was comparatively easy to keep most interests happy. It is also worth noting that the Karmel settlement was committed to provide 70 per cent of Commonwealth schools funds for government schools.

In the early 1980s this settlement began to break down. In many cases the additional subsidy put into the private sector was not so much raising the standards of the needy schools as leading to an increase of the number of schools in need. Private effort was declining, and the number of interest groups recognising the opportunity offered to further their sectional interest with government subsidy was increasing.

The Government had to restrain what was effectively an open-ended budgetary commitment. First, it introduced the Education Resources Index (ERI) to give clearer expression to the needs-based nature of funding to private schools. The ERI was based on the notion of a 'community standard' — a target resource level which it was intended all schools would ultimately achieve.

> **"the additional subsidy was not so much raising the standards of the needy schools as leading to an increase of the number of schools in need"**

The second initiative was the New Schools Policy. This policy sought to ensure that new private schools were economically viable, had a constituency of support, would not become too large a burden on the budget, and, above all, that through planned educational provision the Government did not waste its money on new schools in a way that led to less than optimum use of existing facilities. In a sense, then, it was based on the notion of a national network of schooling provision.

The extent to which it effectively did this is highly debatable, and, once more, not all parties, least of all the AEU, were satisfied with the outcome. Nevertheless, it did again dampen down the re-emerging state aid debate, provide some mechanism for objection and consideration in regard to specific schools, and confine outbreaks to localised disputes around particular schools.

By the mid-1990s this new settlement was also under considerable strain. There were a number

50,

of fairly serious local disputes and the supporters of the private schools had become a formidable lobby group, pushing for greater expansion and more money. Professor Ken McKinnon was asked to find a basis to renew the settlement. His report (McKinnon 1996) acknowledged most of the problems. He suggested there was 'no definitive solution' (p. 1), but that the task was:

> ***to propose future policies and administrative processes for the funding of new non-government schools in ways which take account of the dilemmas of pluralism, provide workable rules and achieve a sense of fairness among all parties. (p. i)***

Whether or not his proposals would have achieved this, we will never know. Before the report could be tabled there was a change of government.

In August 1996 the Howard government brought down its first budget. It was clear that it did not wish to 'achieve a sense of fairness among all parties' — it knew which side it was on. Private schools were effectively deregulated, and a direct link was made so that any expansion in the budget for private schools would in part be offset by reduced grants to the States and Territories for public education on the spurious grounds of their making savings. The iniquity of the rationale underpinning the Enrolment Benchmark Adjustment (EBA) has been well exposed, with the most recent consequence being that this year a reduction of forty students in New South Wales led to a reduction of $16.9 million in Commonwealth Government grants to New South Wales public schools. Australia-wide, in 1999 there was an increase of 8300 students in public schools, but the Howard government took away $26.74 million from the State and Territory entitlements simply because the proportion had changed in favour of private schools.

The 1999 Commonwealth budget announced a new funding model for private schools, the SES model, replacing the ERI. The principal rationale for this is that the ERI was fundamentally flawed. As is becoming increasingly obvious, however, this does not mean that any alternative is not flawed. The Government claim that it will 'correct funding inequities suffered by low-income schools and lower income families' (Kemp 2000) masks a number of other effects. Martin (1999) showed that in fact the largest increases would go to some of the schools currently considered the wealthiest. The only schools actually guaranteed an increase are the wealthiest (Category 1) primary private schools.

The credibility of the new system is further undermined by two of its elementary aspects.

First, only a few private schools are included:

- Catholic schools, which represent over 60 per cent of private schools, will not have their SES assessed, but have been 'deemed' to be at a certain level as a political settlement;
- wealthy schools will not have their funding reduced; even schools that are operating at twice or more the level of resources in government schools are guaranteed $597 (primary) and $829 (secondary) per student per year (1999 prices);
- there is to be a clause that no school will be worse off; this will apply not in the usual way — until such time as inflation catches up with the difference and the school moves to the new system — but in real terms, indexed on an annual basis for however long this system lasts.

> **"like the Karmel settlement, the new settlement is built on a large overall increase in resources, but this time public education is omitted"**

In fact, only about 750 out of 2500 private schools will actually have their funding determined by their SES. All the others will either be exempt or funded above their SES.

In effect there will be at least two systems of funding private schools, and each school is automatically put on the system that gives it the most money.

Second, in order to build some consensus of private school interests around the model, the Government had to offer very large increases in the overall funding to private schools. This creates both an interesting parallel with the original Karmel settlement and a noticeable difference. Like the Karmel settlement, it is built upon a large overall increase in resources. Unlike that settlement, however, this time public education is deliberately omitted.

Trends in funding

The effect of these recent initiatives is to take to extremes the bias in Commonwealth Government funding (see Figure 1). Through the 1970s public schools received between 60 and 70 per cent of Commonwealth schools funding. In the early 1980s the percentage was just over 50 per cent. In 1983 it fell to 46.2 per cent. When the Howard government took over in 1996 it had declined to 41.8 per cent. On the basis of the Government's forward estimates, by 2003 the public sector's share will be have dropped to 32.2 per cent.

This increase in the proportion going to private schools is not limited to general recurrent funding. A recent analysis of Commonwealth expenditure on all school programs under the *States Grants Act* and the *Indigenous Education Act* (Martin, in preparation) shows that private schools have consistently received a proportion that is above their enrolment share in many targeted program areas, and that this is increasing.

While these discrepancies may be less directly attributable to government policy than is the case with general recurrent expenditure, and the reasons may be complex, they are, nevertheless, quite difficult to justify in terms of the impact on the nation's children.

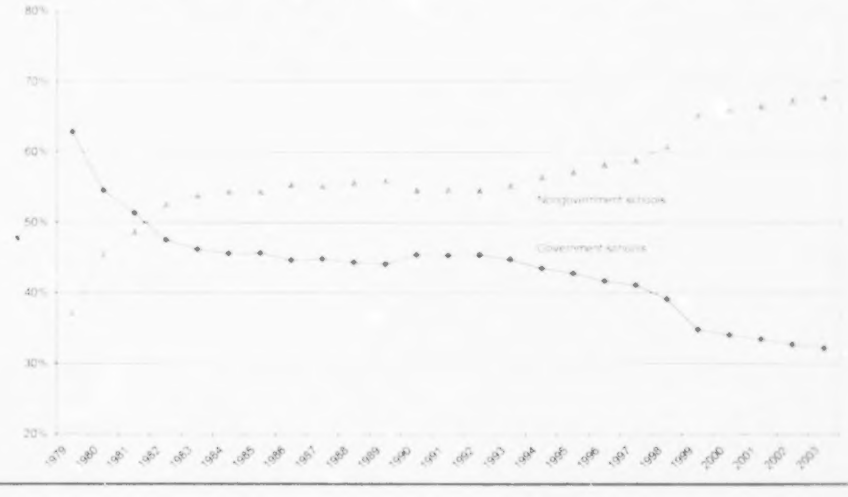
Public schools, which educate 88 per cent of Indigenous students, received only 65.5 per cent of Indigenous Education Strategic Initiatives Program (IESIP) funding in 1995–96, and this is predicted to decline to less than 52 per cent by the end of this financial year.

Special Learning Needs, and the targeted programs as a whole, show a similar pattern. Public schools cater to more of the needy in our society (NATSEM 1995; Mukerjee, Brown & Wellsmore 1999), yet Commonwealth funding, even in equity programs, seems to be skewed in favour of those in private schools. As Pascoe shows (2000, p. 92), Catholic schools tend to educate the more affluent Catholics.

The response of the Government is to say that public schools are a State and Territory responsibility. However, analysis of Commonwealth Grants Commission data

Figure 1

Government and nongovernment schools, share of Commonwealth assistance to schools, 1979 to 2003



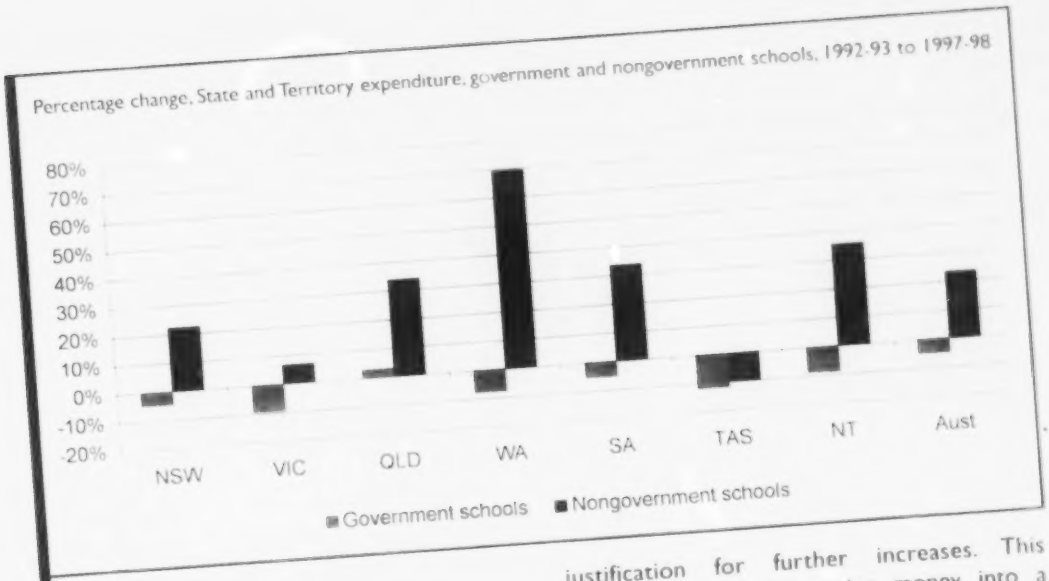


Figure 2

(Figure 2) shows that State and Territory governments, far from counteracting the Commonwealth Government trend, are exacerbating it. Between 1993–94 and 1997–98, considering expenditure by all levels of government:

- funding to public schools, in real terms, declined in all States and Territories except Queensland;
- funding for private schools increased in all States and Territories except Tasmania;
- in Queensland the increase for private schools was greater than that for public schools;
- in Tasmania the loss for public schools was greater than the loss for private schools.

Average expenditure per private school student, including private expenditure, overtook average public school student expenditure around 1993. In 1997, $576 more was spent educating the average private student than the average public school student (National Report on Schooling in Australia).

And yet, despite the massive increases in funding already experienced by private schools, the Commonwealth Minister, Dr Kemp, still feels able to invoke 'poor parish schools' (*A Current Affair*, Channel 9, 10 May 2000) as the justification for further increases. This willingness to keep pouring money into a seemingly very porous bucket is best illustrated by consideration of the 'betterment factor'.

In *Funding Australian Schools to the Year 2000* (Dawkins 1990), the then Labor government proposed and then implemented a 'betterment factor'. Those categories then operating below the average government resource level (Categories 8 to 12) were to have their Commonwealth funding increased in real terms each year so that by the year 2000 they would be on a par with public schools. This commitment was delivered in full. Despite this, in calculating the funding for schools under the new SES model, the Government simply rolled over this 'betterment factor' for another four years. There was no attempt to inquire if it had achieved its objective, and if not, why not. Accountability in education is not always applied consistently.

Such has been the pattern of a quarter of a century of private school funding — insufficient accountability with no attempt to measure outcomes against pre-stated objectives. Just a consistent but changing rationalisation of ever-increasing expenditure.

As soon as demands based upon one set of rationalisations are met, new rationalisations and new demands begin, backed by what has become one of the most formidable lobbying machines in Australia — even before the new

SES model has been legislated, Ethell and Dempster (2000, p. 32) are beginning to develop an argument for the next round of increases for the more wealthy schools.

The effect of the changes since 1996

In some ways, the pattern since 1996 can be seen as simply more of the same. The consistent increase in the share of funding going to private schools, and the steady change in enrolment patterns are not radically different.

The deregulation of new private schools has not at this stage led to a massive increase in the 'drift' to private schools, or to a large increase in their number. Most of the statistics are consistent with the years prior to deregulation.

The total change in enrolment share over the decade was 2.4 per cent. The so-called 'drift' to private schools has occurred in all years over the decade but has fluctuated considerably. The growth since deregulation (1997–99) of 1.02 per cent is, in fact, less than that of the previous three years of 1.23 per cent, but is above the average of 0.27 per cent.

There has, however, been some change in the nature of the schools opening. Analysis of the trends since deregulation (Martin 2000) indicates that:

- many of the schools that have opened are small (74 per cent opened with less than 50 students);
- the majority do not have the support of a system, whereas previously the majority did (17 per cent of new schools are in a system, compared to 70 per cent of schools existing in 1996);
- most are at the higher ends of government funding (over 70 per cent are in the three highest funding categories);
- there is considerable expansion of existing schools both in the levels taught and through opening new campuses (new schools account for only about one-third of increased enrolments).

These figures, however, overlay some very important changes. Although in some ways they have been evolutionary, there are fundamental changes within the new policies that take us a long way from the original Karmel settlement.

First, since deregulation, there is no requirement to have a substantial support or financial base before the Commonwealth Government begins funding. This is changing the process from one of demand to one of supply.

Rather than new schools opening as the result of parental demand, it would seem that the initiative is increasingly coming from those wishing to run schools. The majority of schools are small to begin with and some never get beyond that (Martin 2000).

> **"there is no requirement for a substantial support or financial base before funding — this is changing the process from one of demand to one of supply"**

This supply-driven growth is illustrated most clearly by those schools that have opened and then closed through lack of numbers. Some forty private schools have closed since 1996.

Supply-driven growth will only make worse the current situation in which the growing market is underpinned by public money. In effect, there is a government-funded market over-supply situation in schooling. Increasingly, any move to private schools is being driven not by parents wanting to move their children, but by would-be school managers receiving government subsidy to try their luck in an increasingly deregulated and competitive market.

Second, the Commonwealth Government has determined that choice is no longer one of many competing policy concerns; it is pre-eminent and virtually exclusive. As described by Dr Kemp:

> ***Educational choice in Australia is expressed in the capacity of parents to choose between schools in the government sector or to select and/or***

establish a non-government school. (Kemp 1999)

However, McKinnon said of choice:

> ***Choice is easier to use as a rhetorical term than it is to operationalise, at least for the funding of schools. Generalised support for the concept of everyone having maximum choice does not translate into a system which can realistically fund all conceivable options. Nor is choice an unambiguous good. Increased choice for some may result in decreased choice for others. Choice in all schools may be limited in an area where enrolments are limited, and the more thinly spread the more limited the curriculum. Similarly in an area well served with schools, but where there is limited choice of the type of school, latecomers may effectively be prevented from offering wider choice. Resolution of such practical problems within affordable cost is the policy need. (1996, p. 8)***

The pursuit of this particular form of choice as an almost exclusive goal in funding policy creates a unique situation in public policy, where private concerns and interests are allowed to play in a market where all players are to a greater or lesser degree funded by the government.

Of course, once the market has been created and there is a need for the supply to compete for what is a given demand, there is a need for 'product differentiation' (generally more illusory than real), an inevitable denigration of existing schools, and the diversion of resources into promotion and advertising.

The third major change is that the rationalisation for funding these schools has changed from one about religious freedom to one about the need for market choices (see, for instance, Harrold 2000). Caldwell (2000, p. 52), among others, has argued that all schools are now in a competitive market, and that public schools must accept this and change to survive. Without suggesting that choice itself is inimical to public education (there are many alternatives to market choice), the problem with this is that accepting they are in the kind of market Caldwell describes will in fact make them de facto private schools. All of the problems of segregation, elitism and inequity which are emerging within the growing privatised sector will then become part of the whole school system, and the current values and ethos of public education will be even more effectively undermined. It overlooks the role of coherent and cohesive public education systems in nation building and civil improvement.

Even if one were to accept the efficacy of market mechanisms, one still has to discuss the role of government in creating a level playing field. This can scarcely be achieved by allowing some schools to operate at much higher resource levels than others.

There is also a need to ensure that the governments that run the public systems, and senior officers within the systems, show sufficient concern and commitment to the system for which they are responsible.

> "it overlooks the role of coherent and cohesive public education systems in nation building and civil improvement"

A fourth development arising from the new funding system is the inherent rejection of any notion of bringing schools to an equal standard, of giving students the resources they need rather than the resources their parents can afford. The SES model is about the 'fair' distribution of government money, not the distribution of money to achieve fairness.

The scheme is firmly targeted at fostering the process of encouraging some in society to arrogate to themselves disproportionate shares of a social good. It is seeking to encourage parents to ignore the situation of school provision overall, and to seek their own solutions for their children.

It encourages parents to opt out of a

government system which is being run down, and to create their own haven of adequate provision. The school they choose or help create can receive Commonwealth Government money according to the income of the parents, and they can then add on whatever they wish to contribute directly to their school, and cluster with parents of similar mind and commitment.

> **"the SES model is about the 'fair' distribution of government money, not the distribution of money to achieve fairness"**

The school can receive government money on the basis of its student intake, and then use its own resources, whether they be accumulated reserves, bequests or greater fund-raising capacity, to advantage its students over those from similar backgrounds attending less advantaged schools.

Private schools can continue to cream off the highest achieving students, and to keep expanding because they will always produce apparently better outcomes than schools that are not able to select the students they teach.

Over the medium term, the commitment to 'quality schools for all' will give way to 'a quality school for my children'. Raising revenue to improve schools overall will be seen not as an act of social responsibility but as a redirection of scarce resources that could otherwise be used by a minority for the direct benefit of their immediate family. A conflict of interest is being created between personal interest and common good.

Conclusion

What has a quarter-century of funding history, dealt with very briefly here, taught us? We would suggest four clear lessons to begin:

- without government support, some elements of the private sector are unlikely to survive;
- given generous government support and without sufficient restraints and controls, the private sector has the potential to expand, fundamentally undermine public education, and alter the whole ecology of schooling;
- there is no such thing as enough for the private sector, satisfying one demand simply gives rise to another;
- there is no guarantee that money given to the private sector achieves the purposes for which it was given.

It can be seen that, viewed historically, the continued expansion of the private school sector has required ever more government subsidy and laxer regulations. The massive increases given to private schools in the 1999 Commonwealth budget for the years through to 2004 are obviously the latest play by a government determined to financially induce parents into the private system. We now have a government which actively barracks for one side of the debate and the nation.

This is not to argue that public schools can only survive under government protection, that left to their own devices all parents will opt into private schools. It is, rather, to acknowledge that schooling has both public and private purposes which must be balanced by governments, and that the universal and comprehensive aspirations of the public system, the essential values and ethos that are its foundation, make it vulnerable to policy that allows an imbalance in favour of private purposes.

The relationship between public and private schooling is not, as Harrold (2000) seems to imply, the product of some natural and unseen force. It is the product of government decisions made by real people. It is controllable, and can be argued and debated in the public arena. The fundamental questions have to be put before the Australian people:

- Does Australia want a system of schooling whose nature, structure and quality are increasingly based upon wealth, religion and race?
- Do we want to base schooling more and more on our cultural and religious

differences or on the things to bind us together in shared understandings of each other?

- Do we want a system seeking to ameliorate the inequities in society, or one that reflects them?
- Are we prepared to have government subsidies going to schools that already have per student resource levels two and three times the norm in public schools?

The determining factor remains government policies (at Commonwealth and State and Territory levels). While governments collectively continue to give policy priority to choice for the minority who wish to exclude themselves from the public system, rather than quality for the majority who wish to stay in it, public schools will continue to struggle to maintain their numbers — whatever the actions of the schools, the teachers or supporters of public schools.

It is near crunch time for public education. We cannot continue with current directions and assume that it will continue to play the same role. Supporters of public education cannot allow the current funding trends to continue and wiser heads within private education might see that the existing and prospective imbalances are inimical to the ethical positions with which they would like to be associated.

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SCHOOL RESOURCING: A VIEW FROM THE AUSTRALIAN PARENTS COUNCIL

Mrs Josephine Lonergan
Executive Director, Australian Parents Council and

Mr Leo Dunne
President, Australian Parents Council

The trend to less public investment in education

The Australian College of Education's *College Year Book 2000* (Karmel 2000) contains a series of articles which provide valuable comment on many of the complex issues of the resourcing of schools and raise serious questions for the future of education in Australia. A number of these articles point to diminishing levels of public investment in education and the likelihood that this trend will continue.

Ruth Ethell and Neil Dempster, in their article 'School funding and competition policy: An exploration of alternatives', comment that 'there is a resistance to any serious exploration of funding models that may demand increased government expenditure on education' (Ethell & Dempster 2000). With respect to Australia, they say, it could be argued that such resistance is unwarranted, given Australia's relatively low spending on education as a proportion of GDP when compared with other OECD countries.

Dr McKinnon and Suzanne Walker, in 'Pluralism, common values and parental choice', refer to 'resource cutbacks and limitations in some states' for schooling.

Professor Peter Karmel, editor of the *Year Book*, is quoted in the *Age* of Saturday 17 June 2000 as saying that while school resourcing had improved since before 1973, new pressures had now emerged as the brakes were put on resources in recent years.

In his article in the *Year Book*, 'The economic and political context of school resourcing

"the evidence of diminishing resources to school education is of serious concern to all parents"

"the allocation of resources for schooling, with only measurable outcomes in mind, ignores the need to invest in intangible assets"

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1985–2000', Dr Ross Harrold provides evidence to show that the major growth areas of combined Commonwealth, State and local government public spending over the 12-year period of 1987–98 have been in social security and health. He says that this is 'partly due to economic pressures and partly to political pressures'. These two areas have increased their share of public spending from 38 per cent to 49 per cent over that period. Education spending (school and post-school) on the other hand, he says, increased over the same period by a marginal 0.7 per cent from 13.8 per cent to 14.5 per cent.

> "have governments costed these agreed goals?"

Parents' concerns

The evidence of diminishing resources to school education is of serious concern to all parents. The Australian Parents Council represents parents of students attending non-government schools throughout Australia. However, the Council is concerned for the education of all students in all schools, and strongly supports a public schooling sector delivering quality education to students in government schools.

There are a number of questions arising from diminishing government resources for school education that are of particular concern to parents:

- What is the role of State and Commonwealth governments with regard to the provision of resources for students attending government and non-government schools?
- What priority should governments give to spending on school education and what contribution do governments expect parents to make?
- Are current levels of public expenditure adequate to meet the new agreed goals of schooling?
- Have governments costed these agreed goals?
- Should short- to medium-term economic, demographic and political realities militate against any required expansion of public funding for education and, in particular, for schooling?
- How accountable to the taxpayer are governments in relation to school education spending and how transparent is the financial accountability information governments provide to parents and the community?
- Should the school–parent–taxpayer accept that they ought to be a major supplier of any increased resource base for school education, government and non-government? What contribution should parents make — to the government sector of schooling and to the non-government sector?
- What are the consequences of a continued decline in public investment in schooling?
- Will Australia be able to maintain standards of living currently enjoyed without a high-quality education for Australian students?
- Does greater public investment in schooling mean a better-educated population of young people?

The following is not an attempt to answer these questions. It puts forward some comment from a non-government school parent perspective on the adequacy of governments' commitment to funding for school education and governments' increasing expectation of growing private input into school education.

Priorities of governments?

Parents perceive that the priority accorded by State governments to spending on school education has diminished.

Reasons for that may well be attributed to many factors: the political realities of government priorities; the substantial demographic and social change that has taken place in Australia, especially over the last twenty years; the complexities of Commonwealth–State relations; and the States' assumption that the Commonwealth will continue to increase funding for school education.

Creating an Education Nation, a discussion paper published by the Australian Education Union in

1995, points to the pronounced shift in the balance between Commonwealth and State government funding for school education between 1989 and 1993–94. Total Commonwealth funding per student (on all students, government and non-government) increased by 19 per cent, while total funding increased by 7 per cent. This trend appears to have continued.

It seems that some State governments, possibly all, have withdrawn funds from spending on school education. All governments, on the other hand, have recently embraced the ambitious new goals for schooling contained in the 1999 *Adelaide Declaration on National Goals for Schooling in the Twenty-first Century* (MCEETYA 2000) and are developing ways to provide measurement of schooling outcomes in accordance with those goals.

It seems doubtful, however, that government funding for school education sufficient to achieve the goals is, or will be, forthcoming.

Current government/teacher union pay disputes around the country highlight questions of adequacy of teacher salaries, the highest percentage of expenditure on school education. A highly skilled, adaptable and flexible teaching force, whose professional growth and formation are encouraged and funded, is the single most important factor in maintaining quality outcomes for school students. Teachers need to be properly paid to deliver the complexities of 21st century education.

Funding issues arising from research on the importance of early learning, the expansion of Vocational Education and Training in schools, the integration and use of new technologies, and inadequate funding for disability and disadvantage have to be addressed.

Yet, education spending by governments as a proportion of the GDP has fallen considerably from 4.9 per cent in 1992–93 to 4.4 per cent in 1997–98 (Australian Bureau of Statistics, *Expenditure on Education Australia* 1997–98. Cat. No. 5510.0). Expenditure on schooling as a proportion of GDP has fallen from 3.6 per cent in 1983–84 to 2.7 per cent in 1995–96. According to calculations by the Australian Education Union, this decline represents $4.6 billion annually.

Mr Kim Beazley, federal Leader of the Opposition, painted an even more alarming picture. Quoted in the *Canberra Times* of Sunday 4 June 2000, he said:

> ***Australia is unique among developed nations in reducing our public commitment to education. Five years ago Commonwealth spending on education was 2.2 per cent of GDP. This year it will be 1.8 per cent.***

The difference in the presentation of figures and statistics in the above sources is a prime indicator of the difficulties for parents getting to the truth of matters about spending on education.

> "some State governments, possibly all, have withdrawn funds from spending on school education"

No doubt State governments will contest the allegation of reduction in their funding commitment to schooling. The statement of the Australian Senate Employment, Education and Training References Committee in *Not a Level Playground*, June 1997, appears to have continuing relevance to the defensive attitudes of governments:

> ***It is extremely difficult to ascertain where the truth lies in matters of State and Territory government expenditure on services, especially when the involvement of the Commonwealth is taken into account. What is most critical to a discussion of the level of government funding is the argument that the level of funding has not kept up with the massive increases in the costs of schooling resulting from developments in recent years. (p. 28)***

And

> ***It is inevitable that the burgeoning demands on schools in recent decades have increased the real costs of***

education. The manifest failure of governments to fund these increases and their efforts to pass on the responsibility for meeting the shortfall in funding to parents and schools under the guise of strengthening parent/school partnerships, devolving authority to schools, encouraging competition and increasing choice, fundamentally threatens the principle of free secular education that had traditionally characterised public education in Australia. (p. 39)

"the burgeoning demands on schools in recent decades have increased the real costs of education"

Schooling — valuable or invaluable?

The current emphasis on efficiency and effectiveness of school education is important and necessary, especially to parents, but it cannot be substituted for adequate government funding of schooling goals. It is responsible for governments to be able to demonstrate value for money in public spending, but it is unlikely that continuing contraction of public spending on school education will enhance Australia's future opportunities. Expenditure on schooling should be viewed as an investment in the future, not a drain on the public purse.

Even though the population may be ageing, the article by Aungles et al. in *School Resourcing* demonstrates that Australia will have a substantial proportion of its population aged 0 to 24 years for the next twenty years, and their need for quality education is immediate.

Demonstrating value for money in public spending cannot be the means or the end of schooling, and the allocation of resources for schooling, with only measurable outcomes in mind, ignores the need to invest in intangible assets. Building human capital through professional development, advancing technology and improved capital facilities to foster improved skills is essential but hard to measure.

From the parent point of view, priority for government spending on school education should be at the top of the list. The consequences of a population ill-equipped to serve Australia in the future will become evident in declining living standards and an inability to compete successfully in the region in which Australia is placed.

Australia's neighbours experience very different circumstances from Australia, and unless Australia develops innovative technology and expertise and can provide leadership and direction for the region, Australia will not compete successfully or gain the regard it deserves. Education will be central and critical to achieving that.

The case for additional funding of school education has been ongoing. The report of the 1992 House of Representatives inquiry, *Strategies for Early Intervention for Literacy and Learning for Australian Children*, recommended that Commonwealth and State funding to the primary schooling sector be increased, over the next three financial years, to the equivalent general per student levels of the secondary sector. That has not happened.

In 1995 the Schools Council observed that there was an overall body of opinion among education groups consulted that there should be an increase in the level of Commonwealth recurrent grants available to primary schools (NBEET 1995a).

Increasing emphasis on technologies, pathways and vocational education in secondary schools requires additional funding. Schools can experience funding shortages particularly if required to comply with TAFE facility standards. If transparent accountability existed, the whole community would have a greater appreciation of schooling cost and could see the need for greater investment of public funds for school education.

It is essential to find ways of persuading governments to give higher priority to spending on school education and to remove the mindset of schooling as a cost rather than an investment.

The parent contribution

If government support for schooling is contracting, who is the likely bearer of the burden of any funding shortfall? Are government and non-government school parents to be expected to increase their financial contribution to their children's schooling? Is that a reasonable expectation given the compulsory nature of schooling, the responsibility of governments and the widespread endorsement of the right of all persons to education?

Looking to parents in the government and non-government schooling sectors to provide additional private input ought to be an option of last resort. In the government sector, it cuts across the principle of free secular education. In the non-government sector, where school education is not free, it would impose increasing burdens on a parent population already discriminated against in terms of an equitable share in government funding available for schooling.

If governments do expect increased parental effort, then it should be expected across all schooling sectors for the benefit of all Australian school children and with the emphasis on equity and access. It would be necessary to apply a needs basis to the funding of both government and non-government school children to determine a basis for increased parent input.

Any additional parent effort should not be substituted for government funding. Governments would have to guarantee to maintain their effort and to apply any savings effected to the schooling of the disadvantaged and marginalised.

Current assessments put the private contribution of government school parents to government school education on average at between 5 and 7 per cent. State and Territory governments meet the remaining 93 per cent of the cost. Combined Commonwealth/State funding for the 70 per cent of total enrolments attending government schools in 1997–98 totalled $12,547 million.

According to the *Budget Papers 1998–99*, parents who send their children to non-government schools contribute 44 per cent on average of the cost of their children's schooling with the Commonwealth contributing 37 per cent of the cost and States/Territories 19 per cent. Combined Commonwealth/State funding for the 30 per cent of total enrolments attending non-government schools in 1997–98 totalled $3,463 million.

However, it is clear that financial imperatives are not the sole determinant of school choice.

> **"it is essential to find ways of persuading governments to give higher priority to spending on school education and to remove the mindset of schooling as a cost rather than an investment"**

The 1996 Census figures demonstrate that the family circumstances of students at both government and non-government schools range across the income spectrum. Of the 6.9 per cent of families with children at school and an annual income of more than $104,000 per year, some 45 per cent use government schools only, 47 per cent non-government schools only and 8 per cent of families have children at both types of schools. In the middle income brackets school attendance is 30 per cent non-government and 70 per cent government schools, with some 20 per cent of families in the lowest income brackets (under $25,000) choosing non-government schools for their children.

Even if parents in government schools who can afford to pay more for their children's education did so, what guarantee would there be by governments of no withdrawal of funds and of greater investment in the school education of those who cannot pay?

Governments have to decide whether they continue to support free secular school education in Australia, or is Australia at a point of not being able to provide adequate resources

to government schools? The future of Australian children depends on skilled, well-paid teachers and other necessary resources.

Accountability of governments

Parents are of the view that governments' accountability to parents and to the general public for schooling expenditure should be greatly improved.

State governments supply information to the Commonwealth about expenditure on school education apparently on a formula agreed by the States. Whether or not that information is consistent and comparable across the States is a matter for conjecture. For instance, it appears that not all expenditure on school education is included in figures used to arrive at the average recurrent per pupil cost of government school education.

The 1997 *National Report on Schooling in Australia*, Table 2B, 'Per capita expenditure on government schools', says that the expenditure base used to derive the per capita figures specifically excludes a number of items. Some of the items excluded are: private expenditure, that is, funds raised by schools, school councils or community organisations; expenditure on superannuation, payroll tax, provision for long service leave, depreciation and sinking fund payments, interest on Commonwealth loans, staff accommodation (including all payments to housing authorities); expenditure on accruals, provisions, commitments and liabilities. How can the Average Government Schools Recurrent Cost (AGSRC) figure be considered credible by the education and the wider community?

In 1994, the Department of Employment, Education and Training commissioned independent consultants Coopers and Lybrand to report on the elements of government school recurrent costs used to arrive at average government school recurrent cost per pupil. The consultants recommended that elements of government school costs currently excluded from the calculation should be included, such as superannuation and expenditure arising from privately raised funds. These still do not form part of the Average Government School Recurrent Cost (AGSRC).

The principal accountability mechanism for reporting on school education, the *National Report on Schooling in Australia*, has consistently appeared eighteen months to two years after the end of the reporting year. It has more value as history than as a contemporary report. Each State and Territory controls its own information and no doubt ensures that only favourable material is recorded. It is impossible to know what costs are being counted or whether a credible summation of expenditure in Australian schools, albeit two years previously, is being delivered.

Improved, consistent, comparable, transparent reporting of school education across all States and Territories and the Commonwealth ought to be put in place to satisfy the accountability governments owe to the public.

Findings of the June 1997 report of the Senate inquiry *Not a Level Playground* remain relevant:

> ***Cumulatively, the evidence before the Committee is compelling. The level of funding for government schools is inadequate ... recurrent school costs appear to have increased much faster than prices within the general economy, with the result that school funding, deflated by the schools recurrent cost index, actually showed a decline over the period in question. In short, any increase in school funding levels by governments, predicated upon general cost increases in the economy generally, will still be significantly short of what would be sufficient to meet the actual increases in school recurrent costs. (Crowley 1997, p. 25-26)***

Parents believe that this accurately states the current position on levels of funding.

As non-government school funding is linked to government school costs, the same concerns are true of government funding for non-government school students, despite the massive effort of non-government school parents and the $3.4 billion per annum in savings to governments effected by their contribution.

A framework for resourcing

Changes of government inevitably lead to changes in policies and quite often a roll-back of previous government initiatives and perspective. It would be helpful to find a framework of agreement across the States/Territories and the Commonwealth that could insulate schools and school education from this particular uncertainty. Constant change brought about by different governments adds significantly to the anxiety experienced by teachers, especially in government schools.

A strategy suggested by the Schools Council of the National Board of Employment, Education and Training in 1995 was for the establishment of:

> ***A collaborative Funding Committee, under the auspices of the Council of Australian Governments (COAG) or an appropriate national body which would determine overall resource levels, allocative mechanisms and the relative funding shares of the various partners in respect of funding government schools after 2000. (NBEET 1995b, p. 10)***

The rationale stated for the suggestion says:

> ***Under the current federal system of schools funding, there is no way in which resource levels for schools can be discussed from a Commonwealth perspective in isolation from the policy priorities of the States or vice versa. One proposal to address the issue of the declining total resource base would be to establish a Collaborative Funding Committee to devise one funding formula for the allocation of Commonwealth and State resources to all Australian schools. (NBEET 1995b, p. 10)***

Such a proposal would require the commitment of the States, Territories and the Commonwealth in a genuine collaborative effort for the adequate resourcing of school education and some resolution of the Commonwealth–State relations divide. States and the Commonwealth should also accept the necessity of involving and consulting with the major stakeholders in school education to develop such a formula.

The likelihood of such collaboration may well be distant, given the ongoing argument, especially in New South Wales, about the effect on government school resourcing of the implementation of the Commonwealth's Enrolment Benchmark Adjustment (EBA) policy. Formulated to address the issue of cost shifting between the States and the Commonwealth when proportions in government/non-government school enrolments change, the policy is seen by some as a Commonwealth device to lessen funding for government schools.

> "it is time for the return of a truly national forum to discuss these issues"

Perhaps some light, as opposed to heat, will be shed by the deliberations of the new taskforce involving all States and Territories, recently established by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA). The taskforce is to 'review the issue of cost shifting between Commonwealth and State governments as a result of the shifts between public and private schools'. It will also look at the impact of the EBA on the availability of funds to government schools.

This initiative presents an opportunity for a collaborative approach by the States and the Commonwealth, with input from other education interests, to review models and practices for school resourcing. It is necessary to consider a way forward for options for the allocation of improved government resources to Australian schools. It is time for the return of a truly national forum to discuss these issues. There are few issues as critical to the future of Australia as optimal school education for its young people.

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FUNDING FOR EQUITY IS THE MAJOR NEED

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Funding for schools has emerged as a major issue for the next federal election. Kim Beazley, as Leader of the Opposition, has declared his intention to become the 'Education Prime Minister', and the present Prime Minister has declared his special interest in education. Confident assertions that funding is no longer the issue are a thing of the past. The funding issue is clearly on the agenda, and we look forward to an election campaign in which there will be a real debate. The debate around the Australian College of Education Year Book, *School Resourcing: Models and Practices in Changing Times* (Karmel 2000), therefore provides a good platform for putting some substance into what has so far been little more than rhetoric.

"the choice between using Commonwealth budget surpluses to invest in social infrastructure, or offering more tax cuts, may well be the crucial issue for the next election"

A declining national commitment to education

The facts on funding are reasonably clear. Since the heady days of the Whitlam government, when government spending reached around 3.6 per cent of GDP, public spending on schooling has been in decline, to about 2.7 per cent of GDP at present. The relative decline in government funding for schools took place largely under the Hawke and Keating governments, and public spending on schooling has been maintained at around that lower level under the Howard government. Now, an additional $6 billion a year would be required to restore government funding for schools as a percentage of GDP to the levels of the Whitlam era (Martin & Fitzgerald 2000).

These facts are a challenge to both political parties, for economic policies have for over twenty years been dominated by concepts of small government, and tax cuts. Today, with

"the fundamental social obligations of government schools — to offer an education to all students, irrespective of parental capacity to pay, or their academic or other abilities, their ethnic, religious or cultural background, or their place of residence"

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predicted budget surpluses at the Commonwealth level of as much as $10 billion a year, the Treasurer is talking up tax cuts, even though the Prime Minister has admitted in his 'social contract' speech that the trickle-down effect is not working, and the Australian Labor Party is bogged down in an obsession with fiscal responsibility. Yet, public opinion polls suggest that the choice between using Commonwealth budget surpluses to invest in social infrastructure, particularly in education and health, or offering more tax cuts, may well be the crucial issue for the next election.

Can the declining national commitment be turned around?

What is striking about a number of the contributions to the *College Year Book* is the pessimistic acceptance that funding for schools will not increase as a percentage of GDP.

Contrary to the air of pessimism, all the signs are in fact positive. Education, health and welfare currently rate as major election issues, and public opinion remains obstinately committed to fully funded government schools. The Kennett government has paid the price of the most savage cuts to schooling seen in recent years in Australia, with a particular backlash in rural areas, which has provoked renewed debate on these issues within the Coalition parties. The debate is equally on in the ALP, which has the pluses of the Whitlam era, and the negatives of the Hawke–Keating era to its record, although it has yet to make its position clear.

At the outset it needs to be said that educational standards in Australia are high by international standards, and that the majority of students are well served by their schools. This statement applies equally as well to government and non-government schools, and it is clear that we do not yet face a major systemic crisis, although a continuation of present policies could take us in that direction.

There are major arguments for increased funding. While the proportion of Australia's population of school age is decreasing somewhat, increased retention rates, particularly in the more expensive senior years, and increasing expectations of what schools will deliver pose additional demands on schools. There is also an emerging teacher recruitment crisis, both qualitative and quantitative, and teacher salaries will have to increase if teaching is to be seen as an attractive profession. And above all, there is a need to address longstanding equity issues around socio-economic status, Indigenous origin, rural and remote location, and students with disabilities, and an urgent need to address the educational needs of boys, while consolidating the gains made in the education of girls. It is hard to believe that, when all these factors are taken into account, the needs for education funding will have decreased in terms of the GDP.

> **"there is also an emerging teacher recruitment crisis, both qualitative and quantitative"**

We, and the political parties, need to face the magnitude of the funding challenge. The missing '$6 billion a year' sounds like a lot, but it represents the order of magnitude of increased funding for schools that would start to have a real impact. To give just a few examples: the Australian Council of State School Organisations (ACSSO) has proposed that an average of one additional school counsellor in each school, distributed on the basis of identified needs, would return multiple benefits in terms of reduced problems associated with bullying and drugs, and improvements in literacy and numeracy, and more general educational outcomes (Australian Council of State School Organisations 1999). This would cost around $500 million a year. An average of an additional remedial literacy teacher per school would cost a similar amount, as would community development officers to work in schools that serve disadvantaged communities. A serious attempt at increasing teacher salaries could cost $1–2 billion a year. These realistic billion dollar sums need to be contrasted with the paltry $27

million over four years allocated to the National Indigenous Literacy and Numeracy Strategy.

The other point that needs to be made is that the sums required are not unrealistic by Commonwealth budget standards. Billion dollar Commonwealth budget surpluses are now predicted. Moreover, sums of the required magnitude are currently available in Commonwealth budgets. To give just two examples, the 30 per cent rebate on private health care fees is estimated to be costing around $2.2 billion a year and rising, while the decrease in petrol excise will account for another $2.3 billion.

Overall, a proposal for an increase in funding for schools of several billion dollars from Commonwealth budgets alone is clearly required to have a real impact. These sums are available, and when account is taken of the likely costs of a failure to deal with the issues, investment in education of the level proposed is both realistic and fiscally responsible, even if it requires political courage.

> "the sums required are not unrealistic by Commonwealth budget standards"

The shift to private spending

In parallel with the decline in the national commitment to schooling, there has been a change in the balance of spending on government and non-government schools. When the Whitlam government introduced direct Commonwealth funding for both government and non-government schools in the mid-1970s, around 70 per cent of Commonwealth funding went to government schools. However, there has been a continuing decline in the proportion of Commonwealth funds allocated to government schools, so that the current situation is that just under 70 per cent of direct Commonwealth funding goes to non-government schools (Connors 2000; Martin & Fitzgerald 2000). In parallel, OECD figures show that Australia spends a higher percentage of its GDP on non-government schools than most of the other OECD countries (OECD 2000).

On average, in the 1997–98 budget year, non-government schools receive close to 60 per cent of average government school recurrent costs from government (calculated from data in Table 2A.9, Steering Committee for the Review of Commonwealth/State Service Provision 2000). This average figure covers a marked disparity between the elite high-fee schools, and some of the low-fee schools, particularly in the Catholic system, which now receive around 90 per cent of average government school recurrent costs from government.

This changing funding pattern has led some to argue that all schools in Australia are now government schools, and should be funded as such (see, for example, Caldwell & Hayward 1998). However, these arguments ignore the fundamental social obligations that are assumed by systems of government schools, most notably the obligation to offer an education to all students, irrespective of parental capacity to pay, or their academic or other abilities, their ethnic, religious or cultural background, or their place of residence. This obligation, which is also the source of much of the strength of the government school system, contrasts with the setting of quotas for non-Catholic students in most Catholic schools in Australia (Pascoe 2000), and the selection by parental income in the high-fee independent schools. There are in fact few schools in the non-government sector that do not practise some sort of selection of students, and there are equally few that do not make use of their right to expel students, often forcing them into the government sector.

The clear difference in the social roles of government and non-government schools is reflected in the data on enrolment shares. Much is made of the declining enrolment share of government schools, but in fact there has been a less than 10 per cent shift in over twenty years, hardly a crisis. Almost 70 per cent of parents still send their children to government schools. Government schools enrol around 90 per cent of students from the lowest decile of socio-economic status, whereas around 10 per

cent attend Catholic schools and a negligible percentage attend independent private schools. Even in the highest socio-economic status decile, around 50 per cent of students attend government schools, around 30 per cent attend independent private schools, and around 20 per cent attend Catholic schools (Mukherjee, Brown & Wellsmore 1999). Government schools are also the major providers for Indigenous students, students from rural and remote areas, and students with disabilities, another important aspect of their unique social role.

Competition and choice as the driving forces

The bulk of the shift in Commonwealth funding towards the non-government sector took place under the Hawke and Keating governments. The Howard government has brought a new element into the debate, for it has clearly stated that 'competition and choice' are the ideological bases of its policies on schooling, which aim to make it easier for parents to send their children to non-government schools (for a detailed analysis, see Morgan & Rose 2000).

In pursuit of this aim, the Coalition abolished the New Schools Policy, which included planning for the provision of new schools through impact statements. This has created a situation in which, once registered at State or Territory level, very small non-government schools are automatically entitled to Commonwealth funding, as well as their State or Territory allocation, while State and Territory governments are busy closing, or attempting to close, small government schools.

In this deregulated climate, the Coalition has continued to increase funding for non-government schools faster than for government schools on a per capita basis. In the 2000 Commonwealth budget, Dr Kemp outlined a rate of increase in funding for government schools, which after allowing for inflation is effectively stable funding, while that for non-government schools will significantly outpace inflation rates, further boosting the bias in Commonwealth funding towards the private sector (Kemp 2000).

The Coalition is also in the process of changing the formula by which non-government schools are funded, from the Education Resources Index to a model based on the socio-economic status of the parent community of the school. It should be noted that the formula is only of limited application within the non-government sector, for the Catholic system operates under different rules, and all non-government schools have guarantees they will not lose funding. Nevertheless, the change is potentially significant because the school resources model meant that schools operating at well over average government school recurrent costs were limited in the funding they received, whereas the major beneficiaries of the changed formula are the high-fee schools serving small, dedicated religious or ethnic communities, where the parents were prepared to pay high fees, despite often limited financial family incomes.

Another policy element is the Enrolment Benchmark Adjustment which, after per capita funding has been allocated to government schools through the General Recurrent Grants scheme, deducts funding from them if the enrolment share of government schools has decreased. This flawed policy has already had significant impacts on funding for government schools, and will inevitably have greater impact in the future if Commonwealth funding policies succeed in encouraging parents to move their children into the private sector. At present, the New South Wales Government has taken strong action to protect funding for government schools by deducting from the elite private schools partial compensation for the Commonwealth's funding cuts, an action ACSSO strongly supports.

One of the strangest justifications for these policies is that they are carried out in the name of equity. Commenting on the 1999 Commonwealth budget, Dr Kemp (Kemp 1999) said:

> ***as a result of this Budget, no working class family is going to be deprived of a choice of school in the way that the Labor Party deprived them of that choice over thirteen years.***

This sounds not unlike Bob Hawke's promise that no child would live in poverty, and,

unfortunately for Dr Kemp, private school fees appear to have gone up more rapidly than inflation for the 2000 school year.

The direction of these Commonwealth policies is paradoxical, given that they increase funding to the sectors in which the major equity target groups are significantly under-represented. Dr Kemp, through the Ministerial Council on Education, Employment, Training and Youth Affairs, has defined clear equity targets for overall literacy and numeracy, implicitly addressing the outcomes for students of low socio-economic status or from rural and remote backgrounds, and has explicitly developed targets for Indigenous students. Yet, Commonwealth funding increases are being preferentially directed into the school sectors in which the equity target groups are under-enrolled. This is coupled with a clear bias in the direction of the Commonwealth Special Purpose Payments into the non-government sector. The most striking example of this bias is the allocation of almost 40 per cent of the IESIP funding into the sector that enrols only 12 per cent of Indigenous students (Martin & Fitzgerald 2000).

Reforming the government school sector

The present Commonwealth agenda goes well beyond promoting the non-government sector of schooling. It also specifically advocates competition and choice within the government sector, promoting the simple market logic that the exercising of choice by parents through self-management, and voting with their feet if necessary, is the best way to ensure school improvement.

Market approaches to achieving equity in education are flawed by the simple fact that, on average, less wealthy parents have neither the income nor the background to make the system work for them, leading to the prediction that market approaches will increase the advantage of well-off, well-educated parents. This is not just an abstract prediction, for the New Zealand experiment with markets has in fact increased polarisation of student enrolments and student outcomes, to the detriment of the disadvantaged (Lauder & Hughes 1999; Fiske & Ladd 2000).

Dr Kemp has not clearly spelt out what the reform agenda means, but there are many statements that give us some insight, which will be dealt with in detail elsewhere. Perhaps the most detailed indication of where Dr Kemp might like government schools to go comes from the way in which he has come to the defence of the policies of the now-defunct Kennett government in Victoria, which promoted local school management and school autonomy.

Brian Caldwell and Don Hayward were major players in the approaches to schools of the Kennett government. They have put forward a 15-point preferred scenario (Caldwell & Hayward 1998, pp. 162–163), which advocates that all schools should be treated as government schools, and funded on the same basis, which would obviously pose some budgetary issues. It further argues that all schools should be entitled to charge fees, at a level to be set by the school council, excluding tuition fees in schools 'owned and operated by government'. The decisive change is outlined in point 3: 'that schools whose communities and staff have the commitment and capacity should have the opportunity to change their "foundation arrangements" from government owned and employed to privately owned and employed'. What Caldwell and Hayward advocate is in fact a recipe for the dissolution of systems of government schools, with local enrolment entitlements and freedom from fees abolished.

Some may argue that this is a biased, even malicious, reading of the scenario, but Caldwell and Hayward are quite clear that the result of this process would be that around 30 per cent of schools would be government owned and operated, and around 70 per cent would be privately owned. How they reached this conclusion is obscure, to say the least, but there is no doubt that this was the intent.

Even the Kennett government never went anything like this far in practice. Self-governing schools, however, opened up the issue of local employment of teachers, which is also an equity issue, because experience already indicates that, in a competitive market, the schools in better locations get, on the whole, the better teachers.

Equity in a government school system requires a central staffing system, which may in fact need to put the best teachers in the most disadvantaged schools.

At this stage, I should outline ACSSO's general position on the issue of local school management, so that there is no misunderstanding or misinterpretation (for more detail, see ACSSO 2000 and Morgan 2000). Parents and teachers were strongly behind the initial wave of local school management in the 1970s, which saw the formation of school councils or boards in government schools in Tasmania, Victoria, South Australia, the Northern Territory and the Australian Capital Territory. They were supported as a vehicle for parental involvement in decision making at the school level, with a focus on curriculum and some budgetary flexibility. A later wave saw some extension of the budgetary and administrative powers of school councils.

In both of these areas, the position taken by parents has been pragmatic. There has been a retreat from extreme curriculum devolution, to system curriculum frameworks, with local flexibility to adapt. Similarly, what makes sense to devolve in terms of budget and administration is a pragmatic issue, for there are no deep issues of principle about who negotiates and who pays for the grounds maintenance contract, to give just one example. In most cases, parents and teachers have no desire to return to the former bureaucratic structures, where simple school repairs required detailed submissions and approvals. It remains to be established if the often grandiose claims for financial efficiency in local management will be realised, and the New Zealand experience is not promising with regard to improvements in educational outcomes.

However, ACSSO believes that there are some core features of government schools that are essential to their role at the forefront of the search for equity in educational outcomes. These core features include the right to receive a free education in a local government school that offers a high-quality comprehensive curriculum, and the right to be educated by high-quality professional teachers. This sort of system of government schools is clearly very different to the social safety-net envisaged by some, offering minimal educational standards to those who cannot organise alternative education.

> "the level of funding required to achieve the goals of schooling"

To protect these core features, local school management needs to operate within the framework of strong system curriculum and equity policies, and funding policies that guarantee that all government schools are well resourced, and in which a major component of additional funding is allocated to equity goals. Local school management, which forms the basis of a competitive market in which the already well-off enhance their advantages, leads to increased inequality, as the New Zealand experience so clearly shows. Yet it is this direction which appears to have the backing of the Commonwealth, and which Dr Kemp appears to be using Commonwealth funding policies to promote.

An alternative approach to funding

Perhaps the most disappointing aspect of debates around funding for schools is that they focus on changes in funding, without any real debate about the level of funding required to achieve the goals of schooling. A serious approach would start with government schools, with the definition of an agreed level of facilities, resources and staffing to be funded by government, which would have to take into account the differential costs of delivery and maintenance associated with the age and location of schools. There would then need to be additional funding in terms of the identified socio-demographic characteristics of the school community, delivered with the target of achieving equity in outcomes across social groups. There would also need to be accountability provisions to ensure that the

funding was well targeted and sufficient to achieve the aims.

This exercise ought to be the major task of a Ministerial Council on Education, Employment, Training and Youth Affairs worthy of the name. It would need to be backed up with strong cooperative agreements between the Commonwealth and the States and Territories. The Commonwealth has provided some stability for schools with the introduction of quadrennial funding programs, and a useful first step in the direction of increased cooperation would be for the States and Territories to align their budgetary processes with those of the Commonwealth.

Funding for non-government schools could then be assessed against this funding framework, and the extent to which they accept the social obligations of government schools. Important issues to be considered would be socially selective enrolment practices, based on fees, or religious or ethnic quotas, governance by parents or by religious or ethnic authorities, and willingness to adhere to government school equity, welfare and curriculum guidelines, including policies on suspension and expulsion.

This approach is bound to be controversial, for it could affect the interests of many existing stakeholders in schooling. But it is clear that schools in Australia offer quality education to most of their students. The major challenge is equity in outcomes. It is time to re-assert that government funding for schools should be used to achieve common social and equity goals, not for the pursuit of individual or sectional self-interest and advantage, and that means investing in government schools.

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ONE HEALTH ECONOMIST'S PERSPECTIVE OF SCHOOL RESOURCING

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While it is unlikely the funding models used in health can be generalised to education, there is an opportunity to enrich the framework within which school funding is debated and evaluated, with some of the concepts and tool used by health economists. The purpose of this paper is to introduce some economic concepts and methods that appear to have a greater prominence in health than education.

"both education and health stand to gain from cross-sector dialogues"

Can health economists make a useful contribution to the development of school funding models?

While resource allocation problems in education and health are similar, the concepts and methods used by economists in the two sectors differ. Consequently, both education and health stand to gain from cross-sector dialogues.

The significant similarities in the resource allocation problems in health and education include complexity of outcomes and objectives; the significance of equity issues; the substantial role played by the public sector; and the increasing imperative to demonstrate value for money. The very factors that make economic methods potentially valuable, but difficult to apply in their more general form, are relevant to both health and education. Despite these similarities, there are differences in the concepts and methods used by health and education economists. At least two factors may have contributed to these differences:

"an important contribution any academic discipline can make to decision making is to introduce different ways to conceptualise problems"

- the economic paradigms that have shaped economists contributions in these two sectors; and
- the considerable investment in the development and application of health economic methods over the last ten years.

These factors are discussed in detail below.

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Which economic paradigms are relevant to education and health?

Like most members of society, economists support measures to improve the value gained from resources allocated to education, but disagree amongst themselves as to how this should be achieved.

There are at least two distinct paradigms relevant to the contribution of economists to the debate on how schools should be funded: economic rationalism and welfare economics. While all economists (and all members of society) want to achieve improved value from public resources used in education, welfare economists and economic rationalists tend to have different views as to how this should be achieved outside a market sector, as the following three examples illustrate.

All economists would agree that financial incentives play a critical role in determining the efficiency of a funding model. Economic rationalists, however, tend to give greater weight to the argument that creating greater competition between providers is the most effective way to improve alignment between financial incentives and desired outcomes.

Economic rationalists tend to place emphasis on improved technical efficiency as a means of improving value for money — for example, changing the way schools work in order to reduce the cost per student. Welfare economists are likely to give equal weight to improving allocative efficiency — for example, changing the mix of subjects taught by a school to make them more consistent with consumer preferences.

Economic rationalists are likely to be more comfortable with focusing on a single measurable outcome which can be maximised using current resources — for example, the number of students who complete Year 12. Welfare economists tend to place greater value in determining what is of value (usually a diverse range of processes and outcomes), and then developing methods to measure what consumers value.

Can the education sector benefit from the substantial investment in health economic methods and analysis over the last ten years?

Tools developed by health economists may be of value in the analysis of school funding models.

Over the last ten years, the public sector has made substantial investments in health economic research, evaluation and methods development. One reason for this investment is the imperative for public health sectors to develop methods by which the additional costs of new technologies can be compared with the additional benefits — the gains to the health budget of good economic analysis are significant. Pharmaceutical companies have developed techniques that allow the additional benefits of a new drug to be compared to the additional costs. Health economists have also borrowed from the disciplines of biostatistics and epidemiology.

> "the gains to the health budget of good economic analysis are significant"

The following four examples of tools used by health economists may have applications within education.

1. Formal evaluation of alternative approaches to resource allocation in the public sector

Economists have formally evaluated alternative methods of improving efficiency within the health sector, including:

- increased competition between providers;
- improved price signals within a quasi-market setting;
- the requirement for pharmaceutical companies to demonstrate the relative cost-effectiveness of new and existing drugs before gaining government subsidies;
- alternative health insurance models; and
- the use of marginal analysis to redistribute

resources across projects within one program such as public health.

While the results of such analyses are unlikely to be generalisable to education, the analytical methods and evaluation techniques could well be of value.

2. *Quantification of the value of complex multiple outcomes of health care*

Health economists have developed tools to quantify the value to consumers of the complex outcomes of health care. Methods such as utility analysis are used to combine diverse aspects of value such as quality and quantity of life, in a single measure. Therefore, health economists have also had to enter the debate concerning the appropriateness of using the public health dollar to fund gains beyond health. For example, is consumers' valuation of virility sufficient justification for the public health dollar to subsidise Viagra? The questions of what is of value, how value should be measured, and what aspects of value should be subsidised by the public dollar, are of relevance to both health and education.

3. *Tools for optimising resource allocation in the face of complex constraints and objectives*

Health economists have refined existing tools such as linear and integer programming and portfolio analysis in order to improve the way multiple and complex objectives and constraints are specified in the analysis of funding models. These techniques are applied with varying levels of success throughout the health sector, but those factors that lead to their successful application appear to be present in school funding models, for example, multiple outcome measures and requirements for equity in access.

4. *Simulations of the long-term benefits of alternative allocation of funds*

Models that extrapolate from the results of clinical trials and studies to outcomes over many years play a significant role in determining the relative value of alternative investments in health care. For example, modelled analyses can be used to compare the benefits over ten years of investments in improving self-management of existing diabetes compared to strategies to reduce the number of new cases of diabetes. Many of the techniques used in this area are the result of a hybrid across economics, biostatistics and epidemiology. The opportunity to apply these techniques to estimate the longer term benefits of funding allocated to specific areas of education is significant.

Concepts used in health economics

An important contribution any academic discipline can make to decision making is to introduce different ways to conceptualise problems. The following three examples of how health economists conceptualise resource allocation problems may be relevant to the education sector.

1. *Technical and allocative efficiency*

Economists distinguish between a number of concepts of efficiency including:

- technical efficiency (maximising the output for a given input); and
- allocative efficiency (optimising the mix of outputs for a given input).

Technical efficiency concerns the amount of a given output that can be achieved with a given amount of resources. It is measured by calculating a cost per unit of outcome or output — for example, the cost per student at a given school. Technical efficiency measures are based on single outcomes, however these are typically tempered by adjustment factors such as the percentage of low socio-economic status (SES) students at a school. The risks of using single outcomes to assess the technical efficiency of a system that has multiple complex outcomes are well recognised within both the education and health sectors.

Allocative efficiency concerns the mix of outcomes achieved within given resources. If a school is comparing two ways to allocate its funding across alternative uses, the alternative that results in a mix of outcomes consistent with consumer preferences is allocatively efficient.

The resource allocation problem in education does not lend itself to being specified as maximising one outcome for given resources. For this reason, allocative efficiency is as important a concept as technical efficiency in assessing alternative ways to allocate resources. However, it is more difficult to measure

allocative than technical efficiency, and even more difficult to develop models that assess both. One way of overcoming this limitation is to separate resource allocation decisions into those that are predominantly concerned with allocative efficiency and those concerned with technical efficiency. For example, schools that have limited opportunities to change the way they operate (technical efficiency) may choose to explore ways in which allocative efficiency can be improved — for example, to change the mix of subjects available at the school.

2. *Focus on the margin*

Comparisons of expenditure per student across schools with different mixes of students appear to be a significant feature of discussions on school funding. An alternative is to compare the benefits of additional expenditure across schools with different mixes of students.

It seems that there is substantial agreement within the education sector that to achieve some minimum standard of skills within a student body requires greater per capita funding the higher the proportion of students from a school from a low SES background. Given this context, there are at least two ways a resource allocation problem could be conceptualised.

One approach is to compare average expenditure per student across schools. Such a starting point is likely to lead to a funding model based on a benchmark recurrent cost per student, with premiums or adjustments for students from a low SES background. The emphasis is on the greater average cost per low SES compared to high SES student and, consequently, the appropriate compensation to be paid to schools that have a high proportion of low SES students.

An alternative approach is to focus on the benefits that result from additional resources for a school. For example, what are the benefits of an additional $20 per student at a school where students are predominantly from a low SES background? How do these compare to the benefits of the same additional funding per student at a school with students predominantly from a higher SES? The focus has shifted to the greater benefit of an extra dollar spent on low SES rather than high SES students.

Both marginal and average costs play important roles in funding models. The important point is that if a funding model starts with a focus on average rather than marginal costs, some of the options regarding funding models are not explored. Consider a funding model that includes an SES-adjusted per capita funding component. Is the differential intended to reflect differences in the average cost of achieving a given minimum standard of schooling? What would be the difference in the distribution of funding if the starting point had been a marginal analysis approach, that is, allocation of funds to students from different socio-economic backgrounds until the marginal benefit of the last dollar allocated to low SES students was equivalent to the marginal benefit of the last dollar allocated to high SES students.

3. *'Value for money'— a framework*

The imperative to demonstrate 'value for money' is common to both the health and education sectors. It may be more useful to focus on improving value for money rather than determining existing value for money.

The struggle to develop a framework within which the imperative to demonstrate value for money can be addressed is common to both education and health. One approach to such a framework is outlined below.

First, to orient the framework towards improving allocative and technical efficiency and demonstrating the benefits of additional funding, rather than measurement of existing levels of efficiency.

Second, to improve our understanding of how people make decisions concerning resource allocation and to ensure that the appropriate information is available to such decision makers, including consumers.

Conclusion

Health economics as a sub-discipline of applied economics has benefited substantially from the considerable investments made by a range of stakeholders over the last ten years. There is an opportunity to use health economic tools to enrich the framework within which school funding is conceptualised and analysed.

FUNDING FOR FLEXIBILITY WITHIN AN EQUITABLE FRAMEWORK

Ms Lyndsay Connors
Chair, Victorian Ministerial Working Party, 'Public Education: The Next Generation'

The problems for equity and other public purposes of schooling in the current social, political and economic environments are themes in several papers in this collection. In particular, Alan Reid discussed the issue within a global context, and with reference to Commonwealth policies, and Max Angus outlined some of the recent attempts by several Australian government school authorities to retain the democratic, equity and social justice values of comprehensive schooling in the modern context.

In Victoria, a Ministerial working party on the management of public education is grappling with these and other issues in a very concrete way. The working party, 'Public Education: The Next Generation', is chaired by Ms Lyndsay Connors. This extract from the 25 page 'Public Education: The Next Generation - Discussion Paper', sketches some of the key funding issues, and sets out specific questions that must be dealt with. The whole paper is available on the working party's Web site: www.sofweb.vic.edu.au/publiced.

"these funds are provided specifically in recognition of the fact that some schools need to work very much harder than others to produce comparable outcomes"

"to what extent the differing fund raising capacities of schools exacerbate existing social and income equalities"

The excerpt is headed, 'School funding models which enhance local school flexibility within an equitable State framework', and begins with a quotation from the foundation document of the working party, 'Your invitation to a conversation about Public Education: The Next Generation'.

> ***Schools are currently able to make resource allocation decisions within their budget parameters. The review will consider various funding models with a view to increasing flexibility for schools and will develop options for consideration. This will involve some analysis of current financial accountability procedures for schools.***

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The review will also investigate the appropriate degree of flexibility in curriculum and school operations. (Your invitation to a conversation about Public Education: The Next Generation, p. 6)

Schools receive funds from two main sources: from the Department through the school global budget and from their local communities through voluntary contributions and levies and from fund raising activities.

The current global budget contains elements related to the learning needs of students and to the school's geographical location. Learning needs funds are allocated according to a formula which considers socio-economic status and other factors in the backgrounds of each school's students. Similarly, rural and isolated schools receive additional resources to assist in addressing the difficulties imposed by their geographical location.

These funds are provided specifically in recognition of the fact that some schools need to work very much harder than others to produce comparable outcomes. Great disparities in out-of-school circumstances affect the level of resources for learning available to students from families and communities. In some schools very great efforts are needed to produce outcomes that are taken for granted in schools serving more educationally advantaged communities.

Schools' effectiveness can be enhanced or constrained by the degree of equity and efficiency in the system-level allocation of funds. The school global budget currently contains two basic elements:

- a credit element which provides for the school's entitlement to teaching and other staff. Staff entitlements are decided primarily on the basis of the number of students enrolled in the school; and
- a cash element which provides for the school's expenditure on utilities and other costs, the purchase of curriculum and other materials and so on.

In establishing the global budget, the Department of Education, Employment and Training moved from staffing schools centrally to funding schools so as to enable them to select the mix of staff best suited to their circumstances. It can be argued, however, that much of the basis for allocation of this funding is still related to past practices and historical arrangements rather than to a contemporary assessment of school funding needs. For example, it is still the case that the most experienced teachers tend to be concentrated in relatively few geographical areas and that schools classified as rural many years ago are still classified in that way, regardless of demographic and other changes.

> "it is still the case that the most experienced teachers tend to be concentrated in relatively few geographical areas"

It is timely to question whether this is the best way to structure school funding. Should a review of funding models concentrate on improving the current structure of funding or might an alternative approach based on the learning needs and background characteristics of students have more potential to meet the Government's commitment to an equitable and fair funding framework?

Once schools have received their fair share of total system funding, they have responsibility for the allocation of those funds, consistent with the principle that resource allocation decisions should be made as close to the people affected by those decisions as possible. While school level resource flexibility has increased through global budgeting, there are remaining areas of tension between central and local decision making in the resources area. It has been argued that devolution of administrative financial tasks has occurred but that key decisions are still made outside the school. In some, especially smaller schools, the burden of financial administration is argued to be too great. Are there arrangements which will improve financial administration in these schools while maintaining their capacity to make their own resource decisions?

The relationship between central and local decision making goes to the issue of accountability. Increased school self management affects both the financial accountability expected of schools and the administrative capacity of all schools to manage their finances effectively. At the moment, financial accountability is delivered through the school audit program, in which every school is audited using a common audit program every year. The audit program is limited to the cash or grant element of the school's budget.

The issue arising from this is the degree to which Government can have confidence that

> **"is it sufficient that performance indicators show an improving situation?"**

the funds it provides for specific purposes are expended for that purpose. Is it important, for example, that funds provided to support student welfare are expended specifically on welfare programs or is it sufficient that performance indicators related to student welfare show an improving welfare situation in schools?

While there are merits in the argument that improved outcomes are all that matters and that schools are the best judges of their own needs, Government might reasonably argue that if additional funding to improve a specific situation can be expended elsewhere at the school's discretion, what was the rationale for the provision of additional resourcing in the first place?

If financial accountability is to be strengthened, are there arrangements that might reduce administrative workload and deliver improved financial administration to schools at equal or lower cost? How might this be done so as to strengthen local decision-making and strengthen financial accountability?

Schools traditionally have devoted a good deal of time and energy to fund raising. In recent years, there has also been an emphasis on seeking private sponsorship from a variety of sources. It is reasonable to ask to what extent the differing fund raising capacities of schools exacerbate existing social and income equalities and also to what extent the outcome of school fund raising justifies the effort involved.

The development of the physical environment in our schools contributes to student learning. Devolution to schools in facilities matters has proceeded in the past decade, particularly with regard to school maintenance. There remain however questions about the degree to which schools are able to make their own decisions about the mix of learning spaces and the allocation of funding to school determined priorities.

Discussion questions

- Are there models for allocating funds among schools that can take greater account the differences in the backgrounds and learning needs of students than the current approach?
- Does the current level of financial accountability from school to Government need to be strengthened?
- Are there ways to deliver improved financial support services to schools while preserving their ability to make key decisions in order to ensure that the educational needs of students are best met?
- Are the educational interests of students well served by the current level of self management and flexibility available to schools through the global budget?
- Is it necessary for all schools to administer their financial resources on the same basis or should diversity be encouraged within a rigorous accountability framework?
- How can school facilities priorities best be accommodated within an equitable statewide framework of facilities provision?
- What are the pros and cons of current fund raising arrangements employed by schools, including voluntary contributions?

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